SHENZHEN EXPRESSWAY COMPANY LIMITED

(A joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 0548)

Interim Report 2007

Gearing Up…for a Far Journey

"For a Far Journey" ("引重致遠") comes from Part II of I-Ching's Commentary on the Appended Judgements (《周易 • 繫辭下》) – "They tamed the ox and yoked the horse, to enable them to carry heavy loads for a far journey, for the benefit of the world…" ("服牛乘馬，引重致遠，以利天下…") What this really means is that one has to work diligently and devote persistent efforts in order to go far and beyond and make contributions to the society at the same time.

After ten years of hard work, Shenzhen Expressway has attained and accumulated substantial project resources, but it is also facing the pressure from the resulting capital expenditure and financing costs. The adoption of "Gearing Up…for a Far Journey" as the theme of this interim report, on the one hand, reflects the Company's focus of work in the next two years: consolidating and developing quality resources, with relevant adjustments to be made to underperforming projects. On the other hand, the theme denotes the fact that Shenzhen Expressway has now reached a critical point of its development, and that it must make its best efforts to achieve farther and higher objectives. Meanwhile, in enhancing the benefits for shareholders and itself, the Company should also bear in mind its social responsibilities and strive to be a responsible corporate citizen.

Contents

Financial Highlights

1. Prepared in accordance with HKFRS (Unaudited)

Results Highlights

(For the six months ended 30 June)

(RMB'000)	**2007**	2006 (Restated*)	Change (%)
Revenue	**518,449**	343,603	50.89
Profit before interests, tax, depreciation and amortisation	**538,155**	394,252	36.50
Profit before interests and tax	**443,351**	340,317	30.28
Profit attributable to equity holders of the Company	**317,528**	267,241	18.82
Basic earnings per share for profit attributable to equity holders of the Company (RMB)	**0.146**	0.123	18.82

Assets Highlights

(RMB'000)	**As at 30 Jun 2007**	As at 31 Dec 2006 (Restated*)	Change (%)
Total assets	**13,359,187**	9,898,855	34.96
Total liabilities	**6,002,095**	3,294,217	82.20
Equity attributable to equity holders of the Company	**6,638,675**	6,604,638	0.52
Total equity	**7,357,092**	6,604,638	11.39
Net assets per share to equity holders of the Company (RMB)	**3.04**	3.03	0.52

Principal Financial Ratios**

(For the six months ended 30 June)

	2007	2006 (Restated*)	Change
Operating profit ratio	**66.83%**	70.21%	Decrease 3.38pct.pt.
Toll road operating profit ratio	**66.01%**	71.48%	Decrease 5.47pct.pt.
Return on equity attributable to equity holders of the Company	**4.78%**	4.05%	Increase 0.73pct.pt.
Interest covered multiple	**4.13**	7.64	-3.51

	As at 30 Jun 2007	As at 31 Dec 2006 (Restated*)	Change
Gross liabilities-to-equity ratio	**81.58%**	49.88%	Increase 31.70pct.pt.
Net borrowings-to-equity ratio	**51.30%**	26.20%	Increase 25.10pct.pt.

2. Financial Highlights for the Past Five Years

Principal Financial Ratios **

(For the year ended 31 December)

	2006 (Restated*)	2005 (Restated*)	2004 (Restated*)	2003 (Restated*)	2002 (Restated*)
Operating profit ratio	68.68%	95.83%	81.47%	76.18%	68.19%
Toll road operating profit ratio	72.05%	70.12%	71.03%	73.30%	69.84%
Return on equity attributable to equity holders of the Company	8.77%	8.73%	6.76%	15.01%	6.28%
Interest covered multiple	7.71	8.87	39.54	81.25	17.61
Profit before interests, tax and administrative expenses (RMB'000)	757,379	751,938	557,561	1,134,995	478,866

(As at 31 December)

	2006 (Restated*)	2005 (Restated*)	2004 (Restated*)	2003 (Restated*)	2002 (Restated*)
Gross liabilities-to-equity ratio	49.88%	50.92%	19.69%	13.97%	21.92%
Net borrowings-to-equity ratio	26.20%	21.17%	N/A	N/A	N/A

* The Group adopted certain new or revised HKFRS which are relevant to its operations in 2005, and since 2007 the jointly controlled entities have been accounted for using the equity method instead of the formerly used proportionate consolidation method. The comparative figures in the previous years have been restated in accordance with the relevant requirements.

** Explanation of Principal Financial Ratios:

Operating profit ratio = Operating profit/Revenue

Toll road operating profit ratio = Operating profit from toll roads (excluding government subsidies)/ Revenue from toll roads

Return on equity = Profit attributable to equity holders of the Company/Equity attributable to the equity holders of the Company

Interest covered multiple = Profit before interests and tax/Interest expenses

Gross liabilities-to-equity ratio = Total liabilities/Total equity

Net borrowings-to-equity ratio = (Total amount of borrowings - Cash and cash equivalents)/Total equity

Corporate Profile

The Company is principally engaged in the investment, construction, operation and management of toll highways and roads.

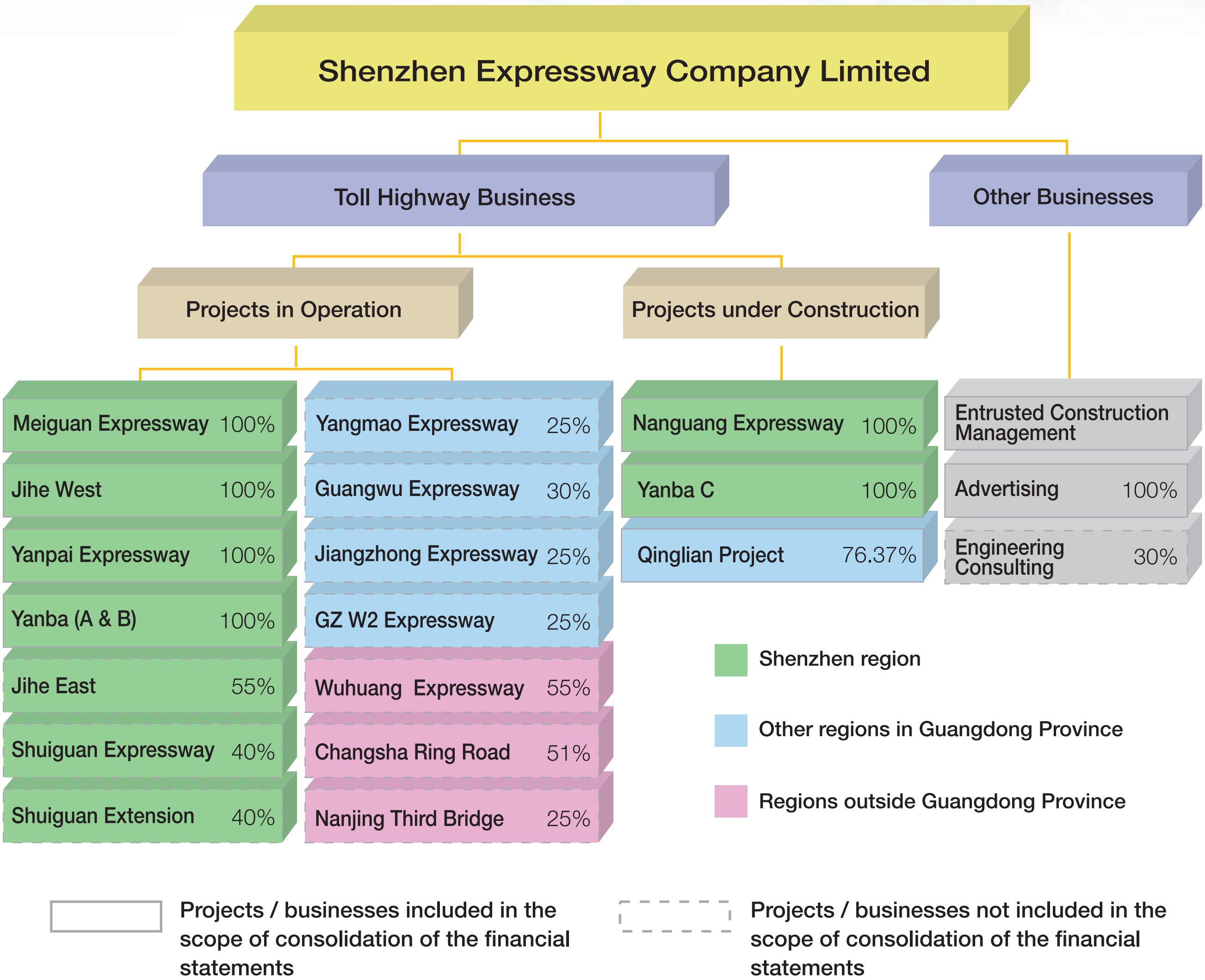
The Company adheres to the development strategy of focusing on toll highway operations as its core business and the investment strategy of expanding towards the Pearl River Delta region as well as other economically developed regions in the PRC through establishing a foothold in Shenzhen. It aims at bringing ever-improving returns to its shareholders and providing premier and efficient services to the public and government at reasonable costs.

The Company was established on 30 December 1996 with a total share capital of RMB1,268,200,000. In March 1997, the Company issued 747,500,000 foreign shares (H Shares), which were listed on HKEX on 12 March 1997 (stock code: 0548). In December 2001, the Company issued 165,000,000 Renminbi-denominated ordinary shares (A Shares), which were listed on SSE on 25 December 2001 (stock code: 600548).

The existing total share capital of the Company amounts to RMB2,180,700,000. The Share Segregation Reform Proposal of the Company was implemented on 27 February 2006, subsequent to which the total number of shares held by the former holders of non-circulating shares of the Company decreased from 1,268,200,000 shares to 1,215,400,000 shares, with the nature of such shares changed from non-circulating shares to restricted circulating shares, and the total number of circulating A Shares increased from 165,000,000 shares to 217,800,000 shares. The total number of shares of the Company before and after the implementation of the Share Segregation Reform Proposal remained unchanged. The largest shareholder of the Company is Xin Tong Chan Development (Shenzhen) Company Limited, a wholly-owned subsidiary of Shenzhen International Holdings Limited, which is listed on HKEX (stock code: 0152) holding approximately 30.03% shares of the Company.

The toll highways operated and invested by the Company in Shenzhen City and other regions of Guangdong Province are major components of the national or provincial trunk highway networks. These toll highways not only connect the main ports, the airport, customs checkpoints and industrial zones which form a complete highway network in Shenzhen, but also constitute part of the major road passages between Shenzhen and Hong Kong leading towards the Pearl River Delta region. They have become important infrastructures especially after the implementation of CEPA and the establishment of the Pan Pearl River Delta Economic Zone.

The Business Structure of the Company (as at 30 June 2007):



Management Discussion and Analysis

The Board is pleased to announce the unaudited consolidated results of the Group for the Reporting Period, prepared in accordance with HKFRS. During the Reporting Period, the Group recorded a revenue of RMB518 million (2006: RMB344 million), representing an increase of 50.89% as compared to the corresponding period of the previous year. Profit attributable to equity holders of the Company amounted to RMB318 million (2006: RMB267 million), while earnings per share was RMB0.146 (2006: RMB0.123), representing an increase of 18.82% as compared to the corresponding period of the previous year.

1. Business Review and Analysis

Toll highway operation and investment are the primary sources of the Group's earnings.

To concentrate resources on developing quality projects in a more effective manner, the Company's management has always been actively considering integration and optimisation of resources to raise the overall return on assets. In January 2007, the Company completed the industrial and administrative registration for the further acquisition of 20.09% interests in Qinglian Project. The completion of this acquisition helped the Group further expand its asset scale and profit base. In addition, the Group had also disposed of its entire 42% interests in Geputan Bridge by means of an open auction on an assets and equity exchange. The equity transfer and the formalities related thereto were completed in April 2007.

Currently, the Group operates and invests in 17 toll highway projects in the Shenzhen region, other regions in Guangdong Province and other provinces in the PRC, of which 14 have been already in operation and 3 are under construction or reconstruction. A summary of the business operations during the Reporting Period is as follows:

1) Toll Highway Operations

Toll Highway	Percentage of interests held by the Group	Percentage of revenue consolidated	Average daily mixed traffic volume (number of vehicles in thousands) First half of 2007	First half of 2006	Change (%)	Average daily toll revenue (RMB'000) First half of 2007	First half of 2006	Change (%)	Average revenue per km (RMB'000)
Shenzhen Region:									
Meiguan Expressway	100%	100%	94	87	8.0	892	843	5.7	46
Jihe West	100%	100%	61	50	22.0	879	735	19.5	42
Yanpai Expressway[Note1]	100%	100%	22	6.9	N/A	328	82	N/A	22
Yanba A and B [Note2]	100%	100%	11.9	12.2	-2.5	159	133	18.9	8.6
Jihe East	55%	–	83	65	26.6	1,058	885	19.6	45
Shuiguan Expressway	40%	–	93	64	46.6	871	563	54.7	43
Shuiguan Extension	40%	–	26	23	11.3	169	171	-0.8	23
Other Regions in Guangdong Province:									
Yangmao Expressway	25%	–	18	14	27.8	1,011	747	35.3	13
Jiangzhong Expressway	25%	–	37	22	64.6	554	338	63.7	14
Guangwu Expressway	30%	–	9.2	8.1	14.3	261	227	14.7	7.1
GZ W2 Expressway[Note1]	25%	–	5.1	N/A	N/A	146	N/A	N/A	3.5
Qinglian Project[Note3]	76.37%	100%	21	21	0.1	325	340	-4.4	N/A
Other Provinces in the PRC:									
Wuhuang Expressway	55%	–	27	24	12.4	1,012	836	21.1	14
Changsha Ring Road	51%	–	5.6	5.7	-1.5	58	54	6.3	1.7
Nanjing Third Bridge	25%	–	17	13	32.1	620	483	28.4	40

Notes:

1. Yanpai Expressway and GZ W2 Expressway have commenced toll operation from May 2006 and December 2006 respectively.
2. The toll revenue of Yanba (A and B) includes the tolls collectively paid by the government under an agreement for all vehicles travelling between Yantian and the Dameisha Interchange. However, the traffic volume in this section was no more included in the scope of statistics from February 2007.
3. The revenue of Qinglian Project (including Qinglian Class 1 Highway and Qinglian Class 2 Road) was included into the scope of consolidation of the Group's financial statements since January 2007, while the information shown for the first half of 2006 is for reference only.

Shenzhen Region

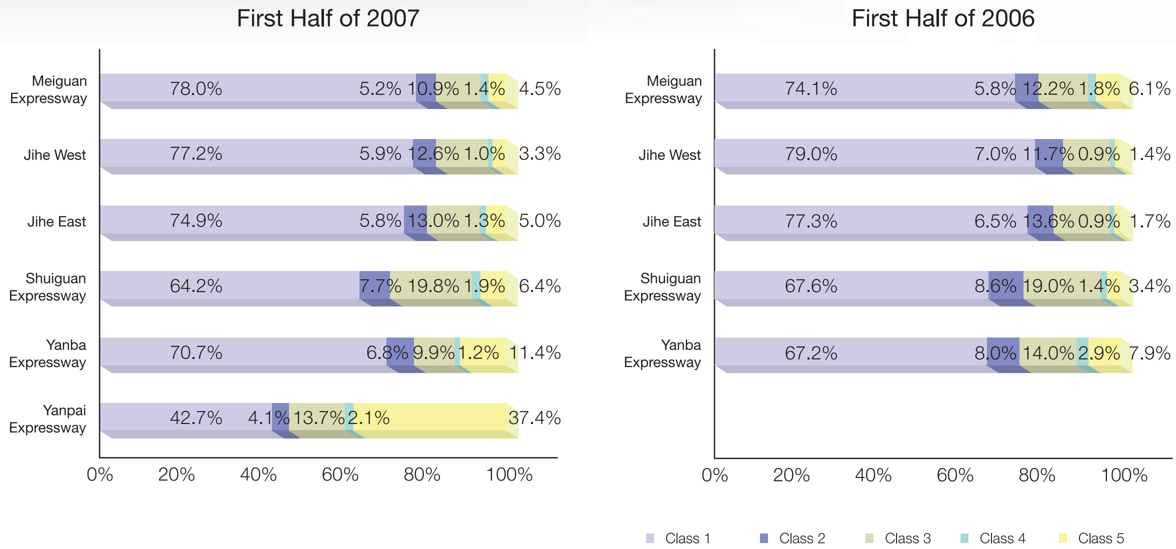
During the Reporting Period, the toll highways operated and invested by the Group in Shenzhen region recorded increases of 22.4% and 20.9% in average daily mixed traffic volume and average daily toll revenue respectively as compared to the corresponding period of 2006 (the figures of Yanpai Expressway were not included due to the absence of year-on-year figures for comparison). Major factors driving the increases in traffic volume and toll revenue of the toll highways include the continuous and steady economic development of Shenzhen and its nearby areas, an increase in the port cargo throughput of Shenzhen, and the improvement in road networks. On the other hand, the government of Shenzhen City has introduced measures to restrict large trucks from travelling on certain main roads in the urban areas starting from the second half of 2006. Such measures facilitated an increase of truck traffic on expressways. Due to the different functions and the impact in varying degrees of factors such as neighbouring traffic environment and change in highway network, each highway performed differently to a certain extent.

In the first half of 2007, the GDP of Shenzhen City, Dongguan City and Guangdong Province recorded increases of 13.2%, 17.5% and 14.3%, respectively. The port cargo throughput handled by Shenzhen City amounted to 92.86 million tonnes, while the container throughput reached 9.5 million TEUs, representing increases of 15.5% and 13.8%, respectively. The continued economic boom facilitated the development of the highway transportation sector, which directly contributes to the solid performance of the Company's toll highway operation.

In recent years, upon the completion and operation of a number of highway projects such as Longda (Longhua in Shenzhen - Dalingshan in Dongguan) Expressway, Changhu (Changping - Humen, both in Dongguan) Expressway, Shuiguan Extension, Yanpai Expressway, Nanping (Phase I) and HK-SZ Western Corridor (Hong Kong - Shenzhen), an expressway network in Shenzhen and nearby areas has been basically formed, with constant improvements being made to it. The commencement of new expressways and urban trunks has offered more choices to road users and has led to changes in vehicle traffic distribution at different traffic nodes, which has in turn enhanced the public's choices and demand in highway transportation and has further raised the overall utilisation of expressways. The Dongguan Section of Longda Expressway opened to traffic in January 2007. It led to a decrease in traffic volume on the Shuilang - Huanghe Section of Jihe West and the Liguang - Qinghu Section of Meiguan Expressway, but owing to more vehicles opting to choose Jihe Expressway - Longda Expressway - Changhu Expressway when going to Dongguan City and Guangzhou City, the increase in overall traffic volume on the Group's relevant expressways exceeded the diverted traffic volume, thereby effectively stimulating toll revenue growth.

To cater for the traffic arrangement scheme implemented by the Shenzhen Municipal Government which restricted large trucks from travelling in the urban areas, the Company has adopted a series of marketing measures by offering certain discounts to trucks running on the relevant highways including Yanpai Expressway, Jihe Expressway, Shuiguan Expressway and Shuiguan Extension. These measures have attracted more trucks, particularly container vehicles commuting to and from the port, to travel on the expressways. Among these, the average daily traffic volume of Class 5 vehicles on Yanpai Expressway, Jihe East, Jihe West and Shuiguan Expressway grew by 9.2 times, 3.7 times, 2.8 times and 1.8 times respectively as compared to the corresponding period of 2006. Due to traffic restrictions, Meiguan Expressway's average daily traffic volume of container vehicles dropped approximately 19%. The growth rates of traffic volume and toll revenue of Meiguan Expressway were slightly below the average growth rates in the area.

Vehicle Categories Mix of Principal Toll Highways



As road planning and road networks are changing relatively fast in Shenzhen and nearby areas, there may be synergies but also diversions and competition for the expressways in operation, which may in turn affect the operating results of the Company. In the past two years, the Company had strengthened its effort on road network analysis. Specific studies were carried out on key issues such as the opening to traffic of new roads, urban roads renovation or construction, government-imposed traffic restrictions, changes in tolling methods, and so forth. Marketing strategies were formulated and implemented on the basis of such studies, while a price leverage tactic was adopted to appropriately optimise the traffic distribution among the road networks and the traffic capacity at toll stations was enhanced. Meanwhile, the Company also took initiatives to attract traffic volume and enhance the competitiveness of its operating projects by raising service quality, smoothening highway traffic and strengthening publicity.

Other Regions in Guangdong Province

The four projects invested by the Company as a minority shareholder in other regions of Guangdong Province have all been in operation. Leveraged on the public's rising awareness about such highways and a positive economic environment, all the highways recorded continued increases in traffic volume and toll revenue during the Reporting Period. Among these, during the Reporting Period, Jiangzhong Expressway witnessed increases in traffic volume and toll revenue by over 60% as compared to the same period of 2006. In addition, Yangmao Expressway, as a crucial part of outbound passage of Guangdong Province leading towards Hainan, Guangxi and other southwestern provinces, has been performing well since its commencement of operation. As for GZ W2 Expressway, it is still in the initial stage of its operation and the overline interchange connecting Guangsan (Guangzhou - Sanshui) Expressway is not yet open to traffic. Accordingly, its operating performance at this stage has not met expectations.

Qinglian Class 1 Highway is now being reconstructed into an expressway. Depending on the to reconstruction progress, it will be closed by section for construction works, while the sections which remain open will still allow traffic and charge toll revenue at the standards of a Class 1 highway. In the first half of 2007, the overall traffic volume on Qinglian Project was basically on par with the level for the corresponding period of 2006. However, due to the impact of the reconstruction works, more vehicles choose to travel on Qinglian Class 2 Road and the average daily toll revenue decreased by approximately 4% as compared to the corresponding period of 2006. A further fall in revenue on Qinglian Project is expected with the proceeding of the reconstruction works. The reason for the Group to invest in Qinglian Project is that upon completion of the reconstruction of Qinglian Class 1 Highway into an expressway, the expressway will serve as a safe and comfortable pathway for vehicles travelling between Guangdong Province and Hunan Province, realizing more benefits of its existing location will be fully exploited, thereby generating satisfactory investment return for the Group. For the progress on the reconstruction of Qinglian Project into an expressway, please refer to "Project Construction and Development" below.

Other Provinces in the PRC

During the first half of 2007, both traffic volume and toll revenue on Wuhuang Expressway witnessed substantial growth as compared to the corresponding period of 2006. Amid such growth, the average daily traffic volume and the average daily toll revenue for trucks increased by 26.4% and 32.8%, respectively. A toll-by-weight system has been implemented in Hubei Province since April 2006. The change in toll charges for trucks and the punitive toll policy towards overloaded trucks have led to a substantial increase in toll revenue for Wuhuang Expressway, in addition to solving the vehicle overload problem on the expressway. In addition, the rapid economic development, an increase in vehicle ownership and the improvement in neighbouring road networks also provided strong support to the solid operating performance of Wuhuang Expressway. The completion of Daihuan Class 1 Highway's reconstruction into an expressway by the end of 2006 and the opening to traffic of Wuhan Third Ring Road's certain sections in February 2007 also triggered growth in traffic volume and toll revenue for Wuhuang Expressway.

2) Project Construction and Development

At present, the Group's toll highway projects under construction or reconstruction include Nanguang Expressway and Yanba C in Shenzhen, and the reconstruction of Qinglian Class 1 Highway into an expressway in northern Guangdong Province. It is anticipated that such projects will be gradually completed and open to traffic by the end of 2008. By then, the total mileage of the Group's expressways in operation will more than double the current total mileage.

As at the end of the Reporting Period, an aggregate investment amount of approximately RMB1,307 million (end of 2006: RMB750 million) had been utilised for Nanguang Expressway. Approximately 95% of the project's subgrade works, 80% of the bridge works and 20% of the road surface works have been completed, while the construction of ancillary projects such as buildings, mechanical and electrical facilities and traffic engineering have all commenced. The main trunk of the project is expected to be completed and open to traffic as scheduled in the first half of 2008. The construction of Yanba C officially commenced in October 2006. As at the end of the Reporting Period, an aggregate investment amount of approximately RMB236 million (end of 2006: RMB95 million) had been utilised. Works for the project proceeded smoothly.

As at the end of the Reporting Period, an aggregate investment amount of approximately RMB771 million (end of 2006: RMB353 million) had been utilised for Qinglian Project. Currently, the aggregate portions of completed works on subgrade earthwork, old road demolition and clearance, and newly constructed bridge pile foundation accounted for about 42%, 57% and 63%, respectively, of the aggregate budgeted volumes. Completed land requisition works on the main trunk, slopes and auxiliary roads accounted for about 96%, 62% and 40% of the total work volume, respectively. Approximately 88% of the demolition and relocation of buildings and pipelines were completed as well. The project is currently the largest upgrading and reconstruction of old road in the country, with a large construction scale and substantial difficulties in reconstruction. Apart from actively courting the government and residents along the road for support and cooperation to facilitate a smooth proceeding of the land requisition, demolition and relocation works, the Company also focused on quality control. In addition, the Company exercised stringent controls on key pricing items in light of the project's characteristics of long mileage and having a number of uncertain factors affecting construction costs. A variety of innovative programmes were adopted to reduce project costs and to enhance works quality. According to the recent revised project design budget, the Company estimated that the capital expenditure (capitalised interests included) for the reconstruction of Qinglian Project into an expressway would be approximately RMB4.77 billion. The reconstruction of Qinglian Project into an expressway is scheduled for completion by 2008.

To seize the development opportunities in the Shenzhen toll highway market, the Company is currently carrying out preliminary work on the Shenzhen Section of Guangshen Coastal Expressway, including project design, research and evaluation of specific technologies, land-use control, and the relevant assessment and approval procedures, for the purpose of ascertaining the investment value of the project. Investment decisions regarding the project will be submitted to the Board for consideration, with reference to the results of the preliminary work.

In recent years, the Group has engaged in large highway construction projects. As a result of factors such as the price fluctuations in construction materials, increase in difficulties in land requisition, demolition and relocation and resettlement of residents, changes in construction plans, and the promulgation of new policies and technical regulations by the government, the construction projects are exposed to the risks of increasing costs, delay and impaired work quality. The Company has accumulated extensive experience in highway construction management in the past, with solid records in cost control, quality control and works scheduling. As for the highway projects currently under construction, the Company has deployed sufficient professional and management staff, as well as strengthening the management of operation flow, works contracts, major material purchases and insurance contracts, and so forth. The workload on construction works in 2007 would be at its heaviest since the incorporation of the Company. In face of the difficulties posed by tight work schedules and human resource shortage, the project management department has, on the one hand, strengthened its supervision and guidance efforts. With a tight grip on important matters such as survey, design and changes in construction, the management effort on tenders and contracts was strengthened and the management of sites and works progress was enhanced. On the other hand, the Company continues to boost employees' morale and stimulate their potential through work competition among projects, and keeps on building exchange and learning platforms for various projects and staff, helping new employees to assimilate with the corporate culture as soon as possible and to enhance their work capabilities.

2. Financial Review and Analysis

During the Reporting Period, the Group's toll highways maintained a solid growth in revenue and profitability. Profit attributable to equity holders of the Company amounted to RMB317,528,000, representing an increase of 18.82% as compared to the corresponding period of 2006.

During the Reporting Period, the Group made adjustments, in accordance with the New Tax Law, to deferred income tax liabilities with reference to expected temporary differences and expected income tax rates for future periods. Accordingly, profit for the Reporting Period was reduced by RMB65,848,000. Excluding the impact of the above-mentioned adjustments, profit attributable to equity holders of the Company increased by 43.46% as compared to the corresponding period of 2006.

The Company completed the acquisition of 20.09% interests in Qinglian Company during the Reporting Period, thereby holding 76.37% interests in Qinglian Company in aggregate and Qinglian Company was changed from an associate to a subsidiary of the Company. Effective from January 2007, the financial statements of Qinglian Company were included into the scope of consolidation of the Group's financial statements, leading to certain increases in the Group's total assets, total liabilities, total equity and gearing ratio. As Qinglian Project is currently under reconstruction into an expressway, its impact on the Group's profit for the current period is relatively small.

1) Analysis of Operating Results

1) Revenue

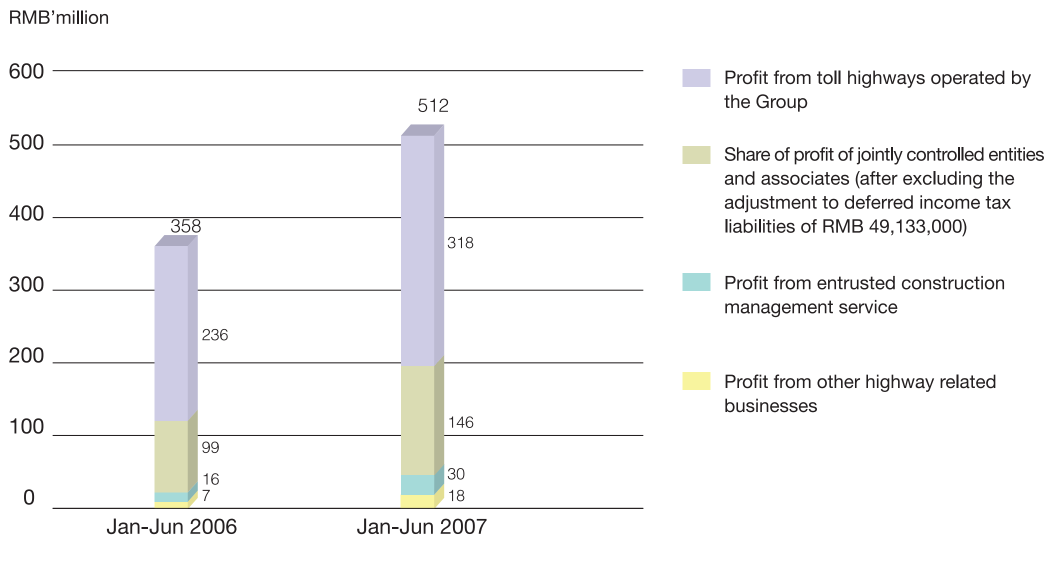
During the Reporting Period, the Group's business operations performed well, recording an revenue of RMB518,449,000, representing an increase of 50.89% as compared to the corresponding period of 2006.

Revenue item	The Period (RMB'000)	Percentage	The corresponding period of 2006 (RMB'000)	Percentage	Change
Toll revenue	467,343	90.14%	314,149	91.43%	48.76%
Income from entrusted construction management services	33,727	6.51%	20,524	5.97%	64.33%
Other income (including income from advertising)	17,379	3.35%	8,930	2.60%	94.61%
Total	**518,449**	**100.00%**	**343,603**	**100.00%**	**50.89%**

2) ***Earnings before Interests, Taxation and Administrative Expenses***

After excluding the impact of adjustment to deferred income tax liabilities of jointly controlled entities, the Group's profit before interests, tax and administrative expenses during the Reporting Period increased by 43.02% as compared to the corresponding period of 2006. Contributions from principal operations are as follows:

The Group Maintained Growth in Profitability of Principal Business



Profit before Interests, Tax and Administrative Expensses

(i) **Profit from Toll Highways Operated by the Group**

Toll highway	Percentage of interests held by the Group	Toll revenue The Period (RMB'000)	Toll revenue Change	Operating costs The Period (RMB'000)	Operating costs Change	Gross margin The Period (RMB'000)	Gross margin Change	Profit before interest and tax The Period (RMB'000)	Profit before interest and tax Change
Meiguan Expressway	100%	161,371	5.71%	30,487	-5.36%	81.11%	2.21%	126,292	8.42%
Jihe West	100%	159,057	19.49%	26,151	10.69%	83.56%	1.31%	128,458	21.58%
Yanba Expressway	100%	28,701	18.86%	22,131	3.63%	22.89%	11.33%	15,193	9.81%
Yanpai Expressway	100%	59,368	N/A	20,737	N/A	65.09%	N/A	37,112	N/A
Qinglian Project	76.37%	58,846	N/A	45,298	N/A	23.02%	N/A	10,885	N/A
Total		**467,343**	**48.76%**	**144,804**	**78.47%**	**69.02%**	**-5.15%**	**317,940**	**21.58%**

* The profit before interests and tax for Yanba Expressway and Yanpai Expressway included government subsidies of RMB9,454,000 and RMB328,000, respectively (2006: RMB11,614,000 and RMB21,000, respectively).

Toll Revenue

During the Reporting Period, the Group recorded a toll revenue of RMB467,343,000, representing an increase of 48.76% as compared to the corresponding period of 2006. Among this, Qinglian Project was included into the scope of consolidation during the Reporting Period, while Yanpai Expressway opened to traffic in May 2006. The above two highways contributed RMB118,214,000 in revenue during the Reporting Period, representing 25.29% of the Group's toll revenue. Revenue from other toll highways increased by 12.66% as compared to the corresponding period of 2006.

The growth of the Group's toll revenue mainly came from the increase in traffic volume. The operating performance of the Group's principal toll highways is set out in "Business Review and Analysis" on page 5 to page 9 of this report. Since June 2006, the Group has been offering certain discounts to trucks running on highways such as Yanpai Expressway and Jihe Expressway, and the Shenzhen Municipal Government has been restricting large trucks from travelling on certain roads in the urban area. Such factors led to decreases in the average toll revenues per vehicle for Yanpai Expressway, Jihe Expressway and Meiguan Expressway. However, Yanba Expressway benefited from the growth in container throughput growth of Yantian Port, which led to a significant increase in the proportion of container vehicletraffic. Accordingly, the average toll revenue per vehicle for Yanba Expressway recorded an increase over that of 2006.

	Average toll revenue per vehicle (RMB)		
Principal toll highway	The Period	Change as compared to the corresponding period of 2006	Change as compared to 2006
Meiguan Expressway	9.52	-2.16%	-2.86%
Jihe West	14.33	-2.06%	-0.62%
Yanba Expressway	13.29	21.93%	37.58%
Yanpai Expressway*	14.64	N/A	-9.85%
Qinglian Class 1 Highway	21.75	0.60%	-2.90%

* Yanpai Expressway commenced toll operation from May 2006.

Operating Costs

During the Reporting Period, operating costs for the Group's toll highways amounted to RMB144,804,000, representing an increase of 78.47% as compared to the corresponding period of 2006, which is mainly attributable to Qinglian Project's inclusion into the scope of consolidation and an additional four months of operating period of Yanpai Expressway compared to the corresponding period of 2006. During the Reporting Period, the operating costs of the two highways increased by RMB62,095,000 in aggregate, while operating costs for other toll highways increased by 2.03% as compared to the corresponding period of 2006.

Operating costs item	The Period (RMB'000)	Percentage	The corresponding period of 2006 (RMB'000)	Percentage	Change
Employee expenses	20,553	14.19%	13,471	16.60%	52.57%
Road maintenance expenses	13,675	9.44%	4,179	5.15%	227.23%
Depreciation and amortisation	92,333	63.76%	51,098	62.98%	80.70%
Other operating costs	18,243	12.61%	12,388	15.27%	47.26%
Total	**144,804**	**100.00%**	**81,136**	**100.00%**	**78.47%**

(ii) Share of Profit/Loss of Jointly Controlled Entities and Associates

During the Reporting Period, the Group's share of profit of jointly controlled entities and associates amounted to RMB96,853,000, representing a decrease of 2.24% as compared to the corresponding period of 2006. According to the New Tax Law, the Company has increased the deferred income tax liabilities for Magerk Company, Jihe East Company and Qinglong Company as at the end of the Reporting Period by RMB49,133,000, thereby reducing the Group's share of profit accordingly. Excluding the above factor, the Group's share of profit of jointly controlled entities and associates would be RMB145,986,000, representing an increase of 47.36% as compared to the corresponding period of 2006, primarily owing to the impressive growth in traffic volume and revenue on the toll highways operated by the Company's invested enterprises and the fact that their control on operating costs met expectations. As a result, the Company was able to gradually realise and enhance its investment gains.

Principal toll highway	Percentage of interests held by the Group	Toll revenue The Period (RMB'000)	Toll revenue Change	Operating costs of toll highways The Period (RMB'000)	Operating costs of toll highways Change	Profit/loss attributable to the Group The Period * (RMB'000)	Profit/loss attributable to the Group Change (RMB'000)
Jointly Controlled Entities:							
Jihe East	55%	191,511	19.62%	36,233	9.76%	70,165	12,495
Shuiguan Expressway	40%	157,610	54.66%	34,770	48.71%	36,501	18,939
Wuhuang Expressway	55%	183,205	21.14%	92,820	9.29%	39,695	12,171
Changsha Ring Road	51%	10,439	6.34%	8,112	6.33%	943	1,326
Associates:							
Yangmao Expressway	25%	182,966	35.26%	62,432	23.13%	13,359	5,886
Jiangzhong Expressway	25%	100,210	63.69%	52,900	42.93%	-2,876	4,517
Nanjing Third Bridge	25%	112,272	28.37%	47,347	16.49%	-945	2,103
Guangwu Expressway	30%	47,202	14.72%	20,652	-2.45%	-283	1,154
GZ W2 Expressway	25%	26,349	N/A	19,934	N/A	-11,004	N/A
Shuiguan Extension	40%	30,673	-0.77%	12,246	12.41%	1,503	-1,091
Total		**1,042,437**	**33.81%**	**387,446**	**25.24%**	***147,058**	**46.23%**

* The Group's share of profit/loss as shown in the table does not include the impact of adjustment to deferred income tax liabilities of RMB49,133,000 and loss of the Consulting Company of RMB1,072,000 during the Reporting Period.

(iii) Profit from Entrusted Construction Management Services

Based on reasonable estimates on budgeted project costs and total budgeted construction costs at present, the Company recognised an income of RMB33,727,000 from entrusted construction management services for the entrusted construction projects, namely Nanping (Phase I) and Wutong Mountain Project, according to the percentage of completed service determined with reference to the actual costs incurred as a percentage of the total budgeted construction costs, and a corresponding profit of RMB30,375,000 was recognised. As for Hengping Project, according to the actual status of settlement at present, no profit or loss was recognised or projected for the Reporting Period. Details of the policy on revenue recognition and accounting estimates on profit of entrusted construction management services are set out in Notes 4(b) and 14(b) of the financial statements.

Entrusted construction project	The Period (RMB'000) Revenue	The Period (RMB'000) Profit	Cumulative (RMB'000) Revenue	Cumulative (RMB'000) Profit	Percentage of service completed The Period	Percentage of service completed Cumulative
Nanping (Phase I)	23,085	20,771	125,944	101,998	10%	95%
Wutong Mountain Project	10,642	9,604	12,907	9,604	20%	85%
Total	**33,727**	**30,375**	**138,851**	**111,602**		

3) Administrative Expenses and Finance Costs

The Group's administrative expenses during the Reporting Period increased by 12.52% to RMB19,758,000 as compared to the corresponding period of 2006, mainly due to rise in remuneration standard for employees at the headquarters and an increase in employees.

The Group's finance costs for the Reporting Period increased by 75.36% to RMB66,837,000 as compared to the corresponding period of 2006. The main reasons were: (i) the expansion of the Group's total borrowings due to capital expenditures incurred during the second half of 2006 and the Reporting Period and due to Qinglian Company's inclusion into the scope of consolidation during the Reporting Period; (ii) the cessation of capitalisation of borrowing interests for Yanpai Expressway upon its commencement of operation in May 2006; and (iii) the rise in the Group's average borrowing costs caused by a rise in interest rates in the market, and so forth.

All major operations of the Group are located in the PRC. Save for Mei Wah Company which finances and settles in HK$, the majority of the Group's operating payments and capital expenditures are settled in RMB. As at the end of the Reporting Period, the Group had primarily RMB20,701,000 and RMB99,385,000 worth of foreign currency-based liabilities denominated in US$ and HK$, respectively, while RMB27,172,000 worth of foreign currency-based assets were denominated in HK$. The resultant foreign currency-based items were therefore in the form of net liabilities. With RMB on an appreciating trend under current market conditions, it is projected that the trend of exchange rate changes will benefit the Group but there will be no substantial impact on the Group's results.

4) Income Tax

During the Reporting Period, the Group's income tax expenses amounted to RMB59,474,000, representing an increase of 99.44% as compared to the corresponding period of 2006. According to the New Tax Law, the Company has increased the deferred income tax liabilities as at the end of the Reporting Period by RMB16,715,000, thereby increasing the Group's income tax expenses. Excluding the above factor, income tax expenses increased by 43.38% as compared to the corresponding period of 2006.

5) Implementation of New Tax Law and Adjustment to Deferred Income Tax Liabilities

The Company, its invested enterprises in the Shenzhen region and certain foreign investment enterprises in other regions of the country invested by the Company are now qualified for the 15% concessionary enterprise income tax rate. As stipulated by the New Tax Law, the enterprise income tax rate will be a unified 25% effective from 1 January 2008. Enterprises currently enjoying concessionary tax policies will be given a five-year transition period. The exact tax rate applicable during the transition period remains to be determined, however.

On the basis and assumption of a two-percentage point increase in the tax rate each year during the five-year transition period and the adoption of the 25% tax rate upon the transition period's expiry, the Company adjusted the deferred income tax liabilities of the Group and its jointly controlled entities as at 30 June 2007, which reduced the profit for the Reporting Period by RMB65,848,000. Among these, the adjustments to deferred income tax liabilities for Meiguan Expressway, Yanba Expressway and Jihe West, which are toll highways operated by the Group, as a result of differences in the accounting base (units-of-usage basis) and tax base (straight-line method) for depreciation method, amounted to RMB16,715,000. The relevant income tax expenses during the Reporting Period increased accordingly. Meanwhile, the adjustments to deferred income tax liabilities resulting from the differences in the accounting base (fair value for acquisition) and tax base for the intangible assets of the jointly controlled entity, Magerk Company, and the differences in the accounting base (units-of-usage basis) and tax base (straight-line method) for the depreciation method of the jointly controlled entities, Jihe East Company and Qinglong Company, amounted to RMB49,133,000. Accordingly, the Group's share of profit of jointly controlled entities decreased. Upon announcement of the implementation rules of the enterprise income tax law and the clarification of the transition period's tax rate policies, the Company will review and revise the above deferred income tax liability adjustments with reference to the relevant policies, if applicable.

In addition, the implementation of the New Tax Law will raise overall tax burden of the Company in future by about 10 percentage points. According to the above assumption for the transition period and using the profit before tax for 2006 as the basis, additional income tax expenses of the Company for each of the next five years will be approximately RMB13,000,000, thereby reducing profit of the Company accordingly. The operating profits of the Company in future will maintain certain growth and it is estimated that such growth can compensate the additional income tax expenses mentioned above.

6) Fair Value Recognition and Operating Profit/Loss for Qinglian Company

According to the relevant requirements under accounting standards, the Company had provisionally recognised the fair value of net assets of Qinglian Company on the acquisition date at RMB3,042 million, with reference to the valuation report prepared by a professional valuer. The corresponding fair value for the Group's 76.37% interests was RMB2,323 million, basically in line with the Group's total acquisition costs. Under HKFRS, the excess of fair value of net assets acquired over the cost of acquisition in relation to 20.09% interests of RMB127,206,000 was recognised as other income, while the decrease in fair value of 56.28% interests previously held during the period from previous acquisition date to the acquisition date of RMB127,206,000, was recognised as assets revaluation loss. The above two items offset each other and had no significant impact in general on the profit for the Reporting Period.

During the Reporting Period, the operating results of Qinglian Company were included into the scope of consolidation of the financial statements of the Group. As mentioned above, Qinglian Class 1 Highway is being reconstructed into an expressway to achieve satisfactory investment return. Before the completion of the reconstruction, the revenue of Qinglian Company will stay at a lower level. In addition, the Company has been renovating Qinglian Class 2 Road by stages in recent years, in order to resolve the traffic diversion issue in the area while Qinglian Class 1 Highway is under reconstruction. During the Reporting Period, the toll revenue of Qinglian Company was RMB58,846,000 and operating costs were approximately RMB45,298,000, mainly comprising depreciation expenses for the highways, maintenance expenses for Qinglian Class 2 Road and costs for toll collection staff. Non-capitalised finance costs of Qinglian Company amounted to approximately RMB12,949,000. During the Reporting Period, a loss of RMB2,064,000 was recorded by Qinglian Company, and the share of loss attributable to the Group was approximately RMB1,576,000, which had little impact on profit of the Group.

2) Analysis of Financial Position

The Group's financial position remains healthy, with its assets comprising mainly fixed asset investments, jointly controlled entities and associates investments in high-grade toll highways. As at 30 June 2007, the Group's total assets amounted to RMB13,359,187,000, representing an increase of 34.96% as compared to the end of 2006. The increase was primarily owing to Qinglian Company's inclusion into the scope of consolidation, as well as increased investments in construction in progress such as the reconstruction of Qinglian Class 1 Highway into an expressway, Nanguang Expresway and Yanba C. During the Reporting Period, the progress and costs of the above projects under construction met the Company's expectations, and it is estimated that such projects will become the Group's new income sources upon completion and operation.

As at 30 June 2007, the net current liabilities of the Group amounted to approximately RMB1,815,766,000. As the Group possesses a stable and robust operating cash flow and sufficient bank credit facilities and that appropriate financing arrangements have been made to meet the needs of debt repayment and capital expenditure demand, the Board of the Company believes that there is no going-concern issue for the Group.

Principal Items of Balance Sheet

Item	At end of the Period (RMB'000) The Group (consolidated)	Including: Qinglian Company	At end of 2006 (RMB'000)	Change
Total assets	13,359,187	4,701,610	9,898,855	34.96%
Property, plant and equipment	7,477,576	3,858,372	3,634,655	105.73%
Construction in progress	2,443,477	771,244	857,525	184.95%
Interests in jointly controlled entities and associates	2,801,110	—	4,691,847	-40.30%
Total equity	7,357,092	3,040,277	6,604,638	11.39%
Borrowings	4,024,806	849,720	2,058,931	95.48%
Other liabilities	1,977,289	811,613	1,235,286	60.07%

Capital Structure and Debt Repayment Capabilities

	At end of the Period	At end of the year 2006
Debt-to-asset ratio (total liabilities/total assets)	44.93%	33.28%
Net borrowings-to-equity ratio ((total borrowings-cash and cash equivalents)/total equity)	51.30%	26.20%

	The Period	Jan~Dec 2006
Interest coverage multiple (profits before interest and tax/interest expenses)	4.13	7.71
EBITDA interest multiple (profits before interest, tax, depreciation and amortization /interest expenses)	5.01	8.96

As the new construction projects proceeded and the relevant capital expenditures were made, the Group's gearing ratio has been rising. The consolidation of Qinglian Company during the Reporting Period led to a certain increase in the Group's gearing ratio. Meanwhile, the Group's operating results and cash flow maintained solid growth. As at the end of the Reporting Period, the Group's gearing ratio remained at a safe level.

3) Capital/Financing

Cash Flows of the Group

The Group's cash and cash equivalents amounted to RMB250,696,000 as at the end of the Reporting Period (31 December 2006: RMB328,494,000), representing a decrease of RMB77,798,000 as compared to the end of 2006.

During the Reporting Period, the Group's net operating cash inflows and returns on investments amounted to a total of RMB567,493,000 (2006: RMB390,108,000), an increase of 45.47%. Riding on a booming economy and a gradual improvement of road networks, revenues from the toll highways operated by the Group continued to grow. This secured a steady net operating cash flow for the Company's capital expenditures and external financing and helped the Company to maintain a strong debt repayment capability. During the Reporting Period, the Group's cash outflows mainly comprised capital expenditures totalling RMB1,649,928,000 (excluding capitalised interests) on Nanguang Expressway, Yanba C, Qinglian Project, office building of the Company and so forth, as well as RMB272,153,000 of dividend payments and RMB104,387,000 of interest expenses.

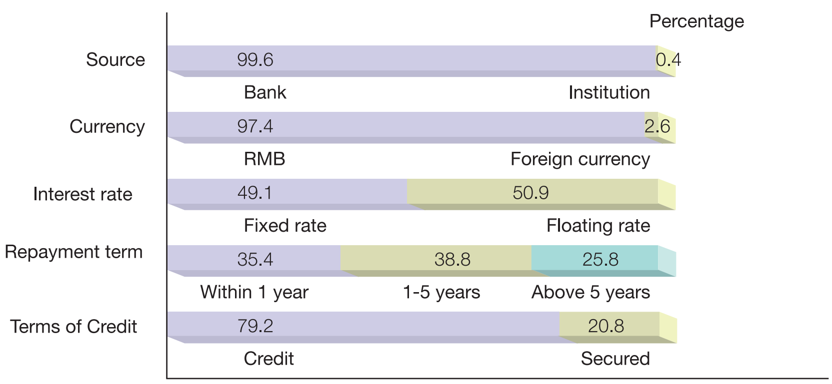
Financing activities

Between January and July 2007, the PRC government exercised macroeconomic control through consecutive measures such as raising interest rates, elevating deposit reserves required and opening up market operations. The short-term and medium/long-term RMB lending rates have been raised by 0.81 percentage points and 0.72 percentage points in total, respectively, leading to an increase in consolidated borrowing costs of the Group. However, highway investment is still a favoured industry and the Company has been maintaining a sound credit record and an excellent industry reputation for years. Therefore, during the Reporting Period, various financing channels remained readily available to the Group and the Group continued to enjoy the most favourable rates under the interest rate policy of the People's Bank of China.

As at 30 June 2007, the Group's total amount of outstanding bills and borrowings payable was RMB4,687,294,000, representing an increase of RMB2,269,121,000 as compared to RMB2,418,173,000, as at the beginning of the year. The increase was primarily a result of Qinglian Company's inclusion into the scope of consolidation and new borrowings incurred for capital expenditures during the Reporting Period. As a result of the rise in market interest rates, the consolidated borrowing cost for the Reporting Period was 5.10%, slightly above the 4.847% of last year.

In recent years, the Company's capital expenditures have been peaking and both the borrowing scale and the gearing ratio have been increasing. Reducing funding costs, averting financial risks and raising the future financing capacity are, therefore, the main objectives of the Company's recent financing activities. During the Reporting Period, the Company actively utilised the opportunity that the capital market and banks kept launching new financing products, thereby broadening the financing channels and optimising the financing structure. The proportions of direct financing, medium/long-term financing and fixed cost financing increased accordingly. As at 30 June 2007, the Group's bank credit facilities available amounted to RMB7.2 billion, of which 64% had a term of over 10 years, whereas 39% bore fixed interest rates and the rest enjoyed the most favourable rates under the interest rate policy of the People's Bank of China.

Borrowing Structure (as at 30 June 2007)



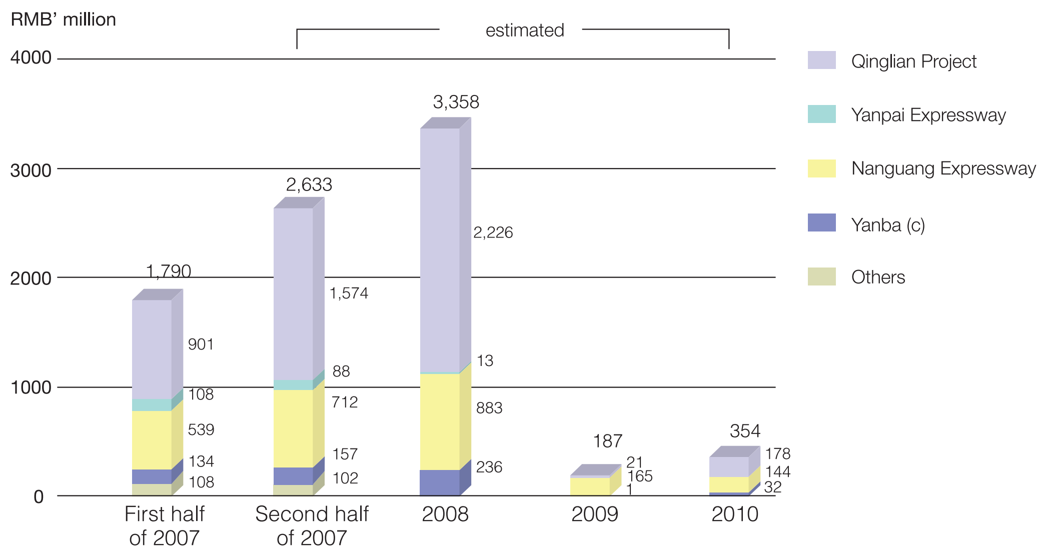
In August 2007, pursuant to the approval by the National Development and Reform Commission through Document 發改財金[2007]1791號(Fa Gai Cai Jin (2007) No.1791), the Company issued fixed-rate corporate bonds of RMB800 million with a term of 15 years at an interest rate of 5.5%. Proceeds will be used for the reconstruction of Qinglian Class 1 Highway into an expressway. In addition, having obtained approvals at the Board and at the general meetings, the Company is now applying for an issue of Bonds with Warrants of not more than RMB1.5 billion with a term of six years. Proceeds will be used for the construction of Nanguang Expressway. As at the date of this report, the application has been conditionally approved by 發行審核委員會 (issuing committee) of CSRC. The issue of the above bonds will help the Company achieve its financing objectives for the current stage.

During the Reporting Period, the Company did not use any interest rate swap option contracts. In order to lock up interest rate risks and reduce financing costs, the Company has applied to the Shanghai Branch of ABN-AMRO in August 2007 for a loan of RMB300 million with a term of two years. The Company has also, based on such loan, arranged with the bank a RMB interest rate swap deal involving a swap for fixed rates from floating rates.

Capital Expenditure Plans

As at 30 June 2007, the Group's capital expenditure plans comprised mainly construction investments in Nanguang Expressway, Yanba C and reconstruction of Qinglian Class 1 Highway into an expressway. Total capital expenditures to be incurred until the end of 2010 are estimated at approximately RMB6,532 million. The Company plans to fund such capital requirements by internal resources, bank borrowings, issue of bonds and so forth. According to the assessment of the Directors, the Group is able to meet various capital expenditures at present given the Group's financial resources and financing capabilities.

Capital Expenditure Plans



Use of Proceeds

The Company raised RMB604 million from the issue of A Shares in 2001. During the Reporting Period, the Company applied such proceeds on the construction of Yanba B in strict compliance with the representations made in the prospectus. An amount of RMB42,951,000 was applied during the Reporting Period and the cumulative amount of proceeds applied was RMB528,002,000. As at 30 June 2007, proceeds in the amount of RMB75,998,000 remained unutilised and were mainly held as deposits with domestic commercial banks in the PRC to be used for Yanba B, involving payment for 2-km uncompleted works as well as settlement of payment for a small quantity of completed works.

The construction of Yanba B started in June 2001 and the major work of approximately 7.75km in length was completed in June 2003, which formed a local traffic network with Yanba A, thereby enhancing the traffic flow and toll revenue of Yanba Expressway significantly. As the construction of Yanba C was delayed and the relevant road network is not yet formed, the overall road network efficiency is not fully realised for the time being. Accordingly, there are certain discrepancies between operating gains of Yanba Expressway at this stage and the estimates disclosed in the prospectus. According to the government's planning, Yanba Expressway would connect with Renbai Expressway (Renshan in Huizhou - Baisha in Shenzhen; also known as "Huishen Coastal Expressway") in Huizhou City through Yanba C, and would connect with Shenshan (Shenzhen - Shantou) Expressway through Renbai Expressway, thereby achieving full inter-connection with expressway networks of Guangdong Province. As the construction of Renbai Expressway was delayed to 2006, the Company had postponed the construction of Yanba C (including the remaining 2-km section of Yanba B) from July 2003 to October 2006 accordingly after considering the characteristics of road network effect of expressways. The construction of Yanba C will proceed in line with that of Renbai Expressway, so as to ensure the economic and social benefits of the investment. Yanba C is scheduled to be completed in 2008. It is estimated that following the full operation of Yanba Expressway and the gradual enhancement of the road network in Huizhou, the overall road network effect will facilitate a further growth in return of investment for Yanba Expressway.

Pursuant to the approvals by the general meeting and the National Development and Reform Commission, the Company issued corporate bonds of RMB800 million with a term of 15 years in August 2007, of which the proceeds will be used for the reconstruction of Qinglian Class 1 Highway into an expressway. The Company has entered into an agreement entitled "Agreement on the Use and Repayment of the Proceeds of the Corporate Bonds" with Qinglian Company, pursuant to which matters including the application and utilisation of the proceeds, as well as the obligations on interests and relevant costs, and principal repayment, were determined. Qinglian Company will, while utilising the bonds proceeds, shoulder the interests and issue costs of the bonds with reference to the actual issue price of the bonds. According to財稅字[2007]7號《關於非金融機構統借統還業務征收營業稅問題的通知》(Cai Shui Zi (2007) No.7 "Notice on the Collection of Business Tax for Unified Borrowing and Lending Operations of Non-financial Institutions") issued by the State Administration of Taxation, the provision of the bond proceeds by the Company to Qinglian Company is considered as intra-group "unified borrowing and lending". Accordingly, no business tax will be levied on the interests received in installments from Qinglian Company.

"Management Rules for Proceeds" has been drafted and implemented upon consideration and approval at a Board meeting in September 2006. The management and utilisation of the proceeds will strictly follow the principle of regulated operation, openness and transparency, with reference to the relevant regulations stipulated by the "Management Rules for Proceeds".

4) **Principal Changes in Accounting Policies**

According to HKFRS, interests in jointly controlled entities may be accounted for using either the equity method or the proportionate consolidation method. For 2006 and the preceding years, the Group adopted the proportionate consolidation method to account for its interests in jointly controlled entities in the financial statements prepared in accordance with HKFRS. With effect from 1 January 2007, the CAS has been adopted for statutory financial statements of the Group, affecting the scope of consolidation of financial statements. The Company's interests in jointly controlled entities, namely Jihe East Company, Magerk Company, Qinglong Company and Shenchang Company, are now accounted for using the equity method and will cease to be proportionately included into the scope of consolidation. In order to be consistent with the accounting policy of the statutory financial statements and to enhance the comparability of the financial information presented, the Group adopted, with effect from 1 January 2007, the equity method to account for interests in jointly controlled entities in the financial statements prepared in accordance with HKFRS, which has been approved by the Board. The change had no material impact on the financial position and operating results of the Group.

In addition, as approved by the Board, with effect from 1 January 2007, the Group's consolidated income statement prepared in accordance with HKFRS would be presented under the function of expense method instead of the nature of expense method, in order to maintain consistency for the preparation of financial statements and financial information disclosures in the domestic and foreign markets.

3. Outlook and Strategy

The Company's principal toll highway projects are located in areas of China with fast economic growth. Benefiting from a good economic environment and continuous improvements in nearby road networks, the Company is expected to enjoy a trend of further growth in future for the traffic volume on its principal toll highways. Qinglian Expressway, Nanguang Expressway and Yanba C, which are invested in and constructed by the Company, are scheduled to be completed and open to traffic in 2008. This will substantially enhance the Company's overall prowess in terms of asset scale and profitability. Presently, the Company has already been granted the development rights of the Shenzhen Outer Ring Expressway and is actively proceeding with the preliminary research for the Shenzhen Section of Guangshen Costal Expressway. Such work will help the Company further reinforce and expand its share in the toll highway sector in Shenzhen whilst building up project resources for a long-term, steady development of the Company.

The Company will continue to focus on the investment, construction and operating management of toll highways and roads, in accordance with the established development strategy. On the one hand, the Company will further strengthen controls over operating costs and financial costs, fully exploiting the profit growth potential of the present operating highways, as well as working hard on the construction and risk management of new projects to ensure that the new projects will open to traffic as scheduled and in good quality. On the other hand, the Company will also take advantage of the opportunity offered by the industry's development and a booming market, fully leveraging its advantages, actively monitoring and seeking quality highway projects, and further optimising resource allocation, so as to enhance the overall rate of return. The management will adopt a prudent approach to continuously evaluate and review various risks that it is facing at present, including the challenges brought by construction management, interest rate volatility, changes in the financing environment and the need for human resources, and corresponding preventive measures will be adopted to enhance the risk-resistant capability, thereby facilitating a rapid and steady development of the Company.

Other Matters

1. Dividend Distribution

(1) Dividend distribution scheme for the interim of 2007

The Board of the Company does not recommend any payment of interim dividend for the six months ended 30 June 2007 (2006: Nil), nor does it recommend any conversion of capital reserve into share capital.

(2) Dividend distribution scheme for the year 2006 and its implementation

Pursuant to the approval at the 2006 Annual General Meeting, the Company paid a final dividend of RMB 0.13 per share for the year 2006 on the basis of the total share capital comprising 2,180,700,000 shares as at the year end of 2006, totalling RMB283,491,000. Such dividend distributions were implemented before 30 June 2007.

2. Elections and Changes of Directors, Supervisors and Appointment of Senior Management

(1) During the Reporting Period, there is no election or change of Directors or Supervisors and no appointment or dismissal of senior management of the Company. The former Technical Controller of the Company, Mr. Fan Li Pin, resigned due to personal reason. The resignation has been affirmed by the Board of the Company and was effective from 30 March 2007.

(2) Subsequent Events

On 17 July 2007, the Supervisory Committee considered and approved at the 11th meeting of the fourth session of the Supervisory Committee the resignation of Supervisor, Mr. Zhong Shan Qun, and the election of Mr. Jiang Lu Ming as a candidate for Supervisor. The Company will hold an Extraordinary General Meeting on 3 September 2007 to consider the proposal relating to the election of Supervisor and the resignation of Mr. Zhong Shan Qun will be effective from the convening of such meeting.

On 24 August 2007, the Board considered and approved at the 13th meeting of the fourth session of the Board the proposal on the Reappointment of the Senior Management of the Company, and agreed the reappointment of Li Jian, Ge Fei, Gong Tao Tao, Wu Xian as the senior management of the Company, with a term of office for two years. For the purpose of enhancing management structure and unified management, as approved by the Board, the positions and terms of office of senior management were adjusted as follows:

Name	Position	Term of office
Wu Ya De	President	From August 2007 till August 2009
Li Jian	Vice President	
Ge Fei	Vice President	
Zhou Qing Ming	Vice President	
Gong Tao Tao	Financial Controller	
Wu Xian	Chief Engineer	

3. Disclosure of Interests

None of the Directors, Supervisors or senior management of the Company had held, bought or sold any shares of the Company during the Reporting Period.

As at 30 June 2007, none of the Directors, Supervisors or senior management had interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of SFO) which were required to be entered into the register maintained by the Company under Section 352 of the SFO (including deemed interests and short positions under such provisions of the SFO) or which were required to be notified to the Company and HKEX pursuant to the “Model Code for Securities Transactions by Directors of Listed Issuers”.

4. Profile of Shareholders

(1) As at 30 June 2007, the Company had 40,895 shareholders in total, including 308 holders of H Shares and 40,587 holders of domestic shares.

(2) As at 30 June 2007, so far as is known to the Directors, Supervisors and senior management of the Company, the interests and short positions of shareholders, other than a Director, Supervisor or senior management of the Company, in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO were as follows:

Long positions in the domestic shares of the Company:

	Number of domestic shares (Note 1)	Approximate percentage of total issued domestic share capital	Approximate percentage of total issued share capital
XTC Company (Note 2)	654,780,000	45.68%	30.03%
SGH Company (Note 3)	411,459,887	28.71%	18.86%
Huajian Centre (Note 3)	87,211,323	6.09%	4.00%

Long positions and short positions in the H Shares of the Company:

	Number of H Shares (Note 4)	Approximate percentage of total issued H Share capital	Approximate percentage of total issued share capital
Sumitomo Mitsui Asset Management Company, Limited	44,822,000 (Note 5)	6.00%	2.06%
Sumitomo Life Insurance Company	44,822,000 (Note 6)	6.00%	2.06%
JPMorgan Chase & Co.	44,749,260 (Note 7)	5.99%	2.05%
Capital Research and Management Company	42,916,000 (Note 8)	5.74%	1.97%
UBS AG	40,434,370 (Note 9)	5.41%	1.85%

Notes:

1. Restricted circulating shares.

2. XTC Company is a limited company incorporated under the laws of the PRC and is a wholly owned subsidiary of Shenzhen International which shares are listed on the main board of HKEX. In addition to the above-mentioned domestic shares of the Company held through XTC Company, Shenzhen International held 24,568,000 H Shares of the Company through its wholly owned subsidiary, Advance Great Limited.

3. State-owned enterprises incorporated under the laws of the PRC with limited liability.

4. Shares listed on the main board of HKEX.

5. These 44,822,000 H Shares were held by Sumitomo Mitsui Asset Management Company, Limited as investment manager.

6. These 44,822,000 H Shares were held through Sumitomo Mitsui Asset Management Company, Limited, in which Sumitomo Life Insurance Company had a controlling interest.

7. These 44,749,260 H Shares were held by JPMorgan Chase & Co. as approved lending agent.

8. These 42,916,000 H Shares were held by Capital Research and Management Company as investment manager.

9. These 40,434,370 H Shares were held by UBS AG and its associates, including 20,825,370 shares held as beneficial owner, 4,780,000 shares held as person having a security interest in shares, and 14,829,000 shares held as interest of corporation controlled (including 5,116,000 shares in short position).

Save as disclosed above, the register required to be kept under section 336 of Part XV of the SFO showed that the Company had not been notified of any interests or short positions in the shares and underlying shares of the Company as at 30 June 2007.

(3) As at 30 June 2007, the top ten holders of non-restricted circulating shares of the Company based on the shareholders' registers supplied by the share registrar and the transfer offices of Hong Kong and the PRC were as follows:

Name of shareholder	Number of shares	Type of shares
HKSCC Nominees Limited (Note)	735,915,098	H Share
BOC - YinHua Superior Enterprise (Balanced) Securities Investment Fund	12,473,676	A Share
Social Insurance Fund Portfolio 102	10,124,545	A Share
CCB - First State Cinda Leading Growth Securities Investment Fund	7,363,599	A Share
ABC - Baoying Strategic Growth Securities Investment Fund	5,263,389	A Share
ICBC - China Universal Balanced Growth Securities Investment Fund	4,972,910	A Share
ARSENTON Nominees Limited	3,000,000	H Share
CCB - Bosera Thematic Sector Securities Investment Fund	2,500,000	A Share
CICC – HSBC - JPMORGAN CHASE BANK, NATIONAL ASSOCIATION	2,331,284	A Share
CMB - SSE Dividend Open-ended Index Securities Investment Fund	1,920,238	A Share

Note: The H Shares held by HKSCC Nominees Limited were held on behalf of various clients.

(4) Number of shares held by shareholders of restricted circulating shares and their restricted circulating conditions:

Name of shareholder of restricted circulating shares	Number of restricted circulating shares	Date allowed for trading	Increase of number of tradable shares	Restricted circulating condition
XTC Company	654,780,000	2 March 2009	654,780,000	Within 36 months from the day of obtaining the circulation rights, they shall not be traded on the stock exchange
SGH Company	411,459,887		411,459,887	
Huajian Centre	87,211,323		87,211,323	
GDRB Company	61,948,790		61,948,790	

(5) Shenzhen SASAC originally indirectly controlled 31.15% shares of the Company. Pursuant to relative documents of the Shenzhen Municipal Government, the equity interests in the Company's shareholder, SGH Company, were reallocated from Shenzhen Roads Bureau to Shenzhen SASAC at nil consideration during the Reporting Period. SGH Company is a promoter and the second largest shareholder of domestic shares of the Company, holding 411,459,887 restricted circulating domestic shares, representing 18.87% of the total share capital of the Company. Such reallocation of equity interests did not change the number of shares of the Company held by the shareholders of the Company. Nevertheless, Shenzhen SASAC indirectly increased its shareholding in the Company and has controlled 50.02% shares of the Company in aggregate, through its equity interests in SGH Company.

On 26 June 2007, SFC has confirmed in its reply letter that such reallocation of entire equity interests would not give rise to an obligation to make a general offer for the shares of the Company under the "Code on Takeovers and Mergers" issued by SFC.

Pursuant to the requirements under 《上市公司收購管理辦法》(Management Rules on Acquiring Listed Companies) issued by CSRC, such reallocation of equity interests constituted an indirect acquisition of the Company and has triggered the obligations to make a general offer. On 27 July 2007, the Company was notified by Shenzhen SASAC that CSRC has issued 《關於核准豁免深圳市人民政府國有資產監督管理委員會要約收購深圳高速公路股份有限公司股票義務的批覆》(Approval of waiving State-owned Assets Supervision and Administration Commission of the Shenzhen Municipal Government from obligations to make a general offer in respect of the shares in Shenzhen Expressway Company Limited) and agreed to waive Shenzhen SASAC from obligations to make a general offer arising out from the aforesaid stated-owned shares administrative reallocation.

5. Undertaking

(1) The major shareholders of the Company, XTC Company and SGH Company, each of whom has more than 5% shareholding, have undertaken in the promoters' agreement that they will not engage in Shenzhen in any industry or business in any form, which, directly or indirectly, competes with the Company. As at the end of the Reporting Period, the Company did not notice violation of such undertaking by the above two shareholders.

(2) Special undertakings and the fulfillment made by the shareholders during the process of the Share Segregation Reform:

Name of shareholder	Special undertakings	Fulfillment
XTC Company	1. Within 36 months from the day of granting listing status to the unlisted shares of the Company held by them, they shall not trade such shares on the stock exchange;	
SGH Company Huajian Centre	2. During three consecutive years immediately following the completion of implementation of the Share Segregation Reform, they shall propose resolutions at the annual general meeting of the Company that the Company shall distribute at least 50% of the profit available for distribution in the corresponding periods as cash dividends to the shareholders and to vote for such resolutions at the annual general meeting;	The Company did not notice that these shareholders had violated such undertakings during the Reporting Period.
GDRB Company	3. They would pay all relevant expenses arising from the Share Segregation Reform in proportion to their shareholdings.	

6. Purchase, Sale or Redemption of Shares

During the Reporting Period, there is no change in the total number of shares or share structure of the Company, and no shares of the Company were purchased, sold or redeemed by the Company or any of its subsidiaries.

7. Mortgage and Pledge of Assets

As at the end of the Reporting Period, the Group had the following assets mortgaged or pledged:

Asset	Type	Bank	Scope of security	Terms
Toll collection rights of Qinglian Class 1 Highway and Qinglian Class 2 Road *	Pledge	A consortium including China Development Bank, etc.	An aggregate amount of RMB4.66 billion bank loan (principal and interests)	Until repayment of all indebtedness by Qinglian Company under the loan agreement
154,000,000 shares of JEL Company **	Mortgage	Industrial and Commercial Bank of China (Asia) Limited	HK$680 million bank loan (principal and interests)	Until repayment of all indebtedness by Mei Wah Company under the loan agreement

* Pledged by Qinglian Company, a subsidiary of the Company

** Mortgaged by Mei Wah Company, a subsidiary of the Company, as at the end of the Reporting Period, the balance of such loan guaranteed was HK$102 million

Pursuant to an agreement signed on 20 April 2007, the Company should provide a pledge of its 100% shareholding in Meiguan Company in favour of China Construction Bank Corporation Shenzhen Branch, as a counter-guarantee to it for the unconditional and irrevocable guarantee with joint liability in respect of the redemption of the corporate bonds issued by the Company with an amount of RMB 800 million upon maturity. As agreed, the procedure for the pledge of aforesaid shareholding was completed in August 2007.

8. Management Contract

Pursuant to a contract dated 7 June 1995 together with subsequent amendments thereof, the Company's jointly controlled entity, Magerk Company, entrusted the toll collection of Wuhaung Expressway and usage, management, preservation, maintenance and repair of Wuhuang Expressway and its ancillary facilities to the Hubei Bureau for the Administration of Higher Class Public Roads (湖北省高級公路管理局), or other sub-contractor whom it may designate from time to time (Hubei Wuhuang Expressway Management Co. Ltd. (湖北武黃高速公路經營有限公司) is the sub-contractor currently designated) throughout the operating period of Wuhuang Expressway at a consideration which is equivalent to a fixed percentage of the toll revenues. The aforesaid matters were disclosed in the announcement and circular of the Company in relation to the acquisition of interests in Wuhuang Expressway by the Company.

During the first half of 2007, after excluding the impact of deferred income tax, profit of Wuhuang Expressway attributable to the Group is RMB39,695,000, representing 12.5% of the profit attributable to equity holders of the Company. The amount of entrusted management fees accounted by Magerk Company during the Reporting Period is RMB46,383,000. This management contract has no material impact on the financial status and operating results of the Group.

9. Connected Transactions

(1) During the Reporting Period, there was no connected transaction occurred by the Company in accordance with the Listing Rules of HKEX or SSE.

(2) Advances and liabilities or guarantees related to the connected parties (as defined in the relevant PRC regulatory rules) are as follows:
During the Reporting Period, there is no appropriation of Company's funds by its controlling shareholder. As at the beginning of the Period, the non-operating current accounts between the Company and its subsidiaries, joint ventures and other related parties (as defined in China Accounting Standards for Business Enterprises) was RMB46,084,000, representing the disbursements provided by the Company in performing the obligations of the guarantee for the Ropeway Company in previous years. During the Reporting Period, the Company received a compensation for the halt of the Ropeway Project from Shenzhen Financial Bureau and completed the related settlement procedures. As at the end of the Reporting Period, there was no non-operating current accounts balance between the Company and its subsidiaries, joint ventures and other related parties.

In addition, the loan in a sum of US$2,718,277 from the Spanish Government on-lent by China Construction Bank was secured by a substantial shareholder of the Company, XTC Company.

10. Material Litigation and Arbitration

During the Reporting Period, there is no material litigation or arbitration arising in connection with the Company or its subsidiaries nor is there any material prior litigation or arbitration subsisting in the Reporting Period.

11. Employees, Remuneration and Training

As at 30 June 2007, the Company and its wholly owned subsidiaries had 1,231 employees, of whom 307 were management and professional staff while 924 were toll collection staff.

The employee's remuneration of the Company comprises three parts, namely monthly salary, annual performance bonus and statutory and company fringe benefits, which are determined in accordance with the results of the overall assessment by reference to the principles of the position, performance and market competitiveness. Pursuant to statutory requirements, the Group has participated in an employee's retirement scheme, which is organised by the local government authorities. The Group has also provided various insurances such as basic medical insurance package, industrial injury insurance and unemployment insurance to its employees. The Company values staff training. During the Reporting Period, the Company had organised training courses such as training on enterprise total risk management system, induction training for toll collection staff, operational training for engineering and technical staff and introduction on ISO9000, and so forth, with a total of 565 participants.

12. Corporate Governance

(1) Compliance with the Code on Corporate Governance Practices
The Company is committed to maintaining a high standard of corporate governance. During the Reporting Period, the Company has fully adopted the provisions of the "Code on Corporate Governance Practices" as set out in Appendix 14 of the Listing Rules of HKEX.

(2) Review of Interim Results
The Audit Committee of the Company has reviewed and endorsed the Interim Results Announcement and the Interim Report for the six months ended 30 June 2007 and the relevant financial information has not been audited.

(3) Model Code for Securities Transactions by Directors and Supervisors

The Securities Transaction Code of the Company has been adopted by the Board in accordance with Appendix 10 to the Listing Rules of HKEX entitled "Model Code for Securities Transactions by Directors of Listed Issuers" (the "Model Code") and the relevant rules of the SSE in light of the Company's actual situation, as a written guide to regulate dealings in the Company's securities by Directors, Supervisors and relevant staff. The standards set under Appendix 10 to the Listing Rules of HKEX have been incorporated into the Securities Transaction Code of the Company.

After specifically inquiring with all the Directors and Supervisors, the Company confirms that the Directors and Supervisors complied with the standards for securities transactions by directors as stipulated under the aforesaid codes during the Reporting Period.

(4) Special Activities of Corporate Governance

During the Reporting Period, the Company diligently commenced the self-inspection work of corporate governance and announced the "Corporate Governance Self-Inspection Report" in accordance with "Notice on Matters Regarding the Conduct of Projects to Strengthen Corporate Governance of Listed Companies"《關於開展加強上市公司治理專項活動有關事項的通知》, with reference to relevant rules and regulations. The Company has compiled the "Management Framework of Information Disclosure" in accordance with the plan, which was considered and approved by the twelfth meeting of the forth session of the Board. The Company will further improve relevant management rules and systems, continuously enhancing the standards of corporate governance.

(5) Investor Relation Activities

During the first half of 2007, the Company organised annual results presentations and press conferences in Hong Kong and Shenzhen respectively, while online reception days and large-scale telephone conferences were held regarding quarterly results. The Company also took part in roadshows organised by securities institutions and investor forums held in Hong Kong and Shanghai. During the Reporting Period, the Company received 32 investor visits involving about 70 investors and made prompt responses to investors' telephone and email enquiries, ensuring active and effective communications with various types of investors.

13. Name of Directors

As at the date of this report, the Directors of the Company are Mr. Yang Hai (Chairman of the Board), Mr. Wu Ya De (Director and General Manager), Mr. Li Jing Qi (Non-executive Director), Mr. Wang Ji Zhong (Non-executive Director), Mr. Liu Jun (Non-executive Director), Mr. Lin Xiang Ke (Non-executive Director), Ms. Zhang Yang (Non-executive Director), Mr. Chiu Chi Cheong, Clifton (Non-executive Director), Mr. Li Zhi Zheng (Independent Director), Mr. Zhang Zhi Xue (Independent Director), Mr. Poon Kai Leung, James (Independent Director) and Mr. Wong Kam Ling (Independent Director).

By Order of the Board
Yang Hai
Chairman

Shenzhen, PRC, 24 August 2007

Condensed Consolidated Interim Balance Sheet

As at 30 June 2007

	Note	**30 June 2007 RMB'000 (Unaudited)**	31 December 2006 RMB'000 (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment	5	**7,477,576**	3,634,655
Construction in progress	5	**2,443,477**	857,525
Land use rights	5	**221,197**	226,869
Interests in associates	6	**1,178,045**	3,006,665
Interests in jointly controlled entities	7	**1,623,065**	1,685,182
Deferred income tax assets	11	**—**	1,878
		12,943,360	9,412,774
Current assets			
Inventories		**4,124**	2,403
Trade and other receivables	8	**152,485**	95,283
Restricted cash	13(c)	**8,522**	6,872
Cash and cash equivalents		**250,696**	328,494
		415,827	433,052
Non-current assets classified as held for sale	9	**—**	53,029
		415,827	486,081
Total assets		**13,359,187**	9,898,855

	Note	30 June 2007 RMB'000 (Unaudited)	31 December 2006 RMB'000 (Restated)
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		**2,180,700**	2,180,700
Other reserves		**3,264,107**	3,264,107
Retained earnings			
- Proposed final dividend		**—**	283,491
- Others		**1,193,868**	876,340
		6,638,675	6,604,638
Minority interest		**718,417**	—
Total equity		**7,357,092**	6,604,638
LIABILITIES			
Non-current liabilities			
Borrowings	10	**3,028,567**	855,789
Deferred income tax liabilities	11	**401,255**	26,867
Government grants	12	**340,680**	350,461
		3,770,502	1,233,117
Current liabilities			
Other payables and accrued expenses	13	**1,211,358**	835,243
Current income tax liabilities		**23,996**	22,715
Borrowings	10	**996,239**	1,203,142
		2,231,593	2,061,100
Total liabilities		**6,002,095**	3,294,217
Total equity and liabilities		**13,359,187**	9,898,855
Net current liabilities		**(1,815,766)**	(1,575,019)
Total assets less current liabilities		**11,127,594**	7,837,755

Yang Hai

Director

Wu Ya De

Director

The notes on pages 32 to 52 form an integral part of this condensed interim financial information.

Condensed Consolidated Interim Income Statement

For the six months ended 30 June 2007

	Note	Unaudited Six months ended 30 June 2007 RMB'000	 2006 RMB'000 (Restated)
Revenue	14	**518,449**	343,603
Business tax and surcharges	16	**(17,917)**	(11,015)
Cost of services	16	**(152,830)**	(89,781)
Gross profit		**347,702**	242,807
Other income - net	15	**18,554**	16,005
Administrative expenses	16	**(19,758)**	(17,560)
Operating profit		**346,498**	241,252
Finance costs	17	**(66,837)**	(38,114)
Share of profit of jointly controlled entities		**98,171**	103,055
Share of loss of associates		**(1,318)**	(3,990)
Profit before income tax		**376,514**	302,203
Income tax expenses	18	**(59,474)**	(29,821)
Profit for the period		**317,040**	272,382
Attributable to:			
Equity holders of the Company		**317,528**	267,241
Minority interest		**(488)**	5,141
		317,040	272,382
Earnings per share for profit attributable to equity holders of the Company			
(expressed in RMB per share)			
- Basic and diluted	19	**0.146**	0.123
Dividends	20	**—**	—

The notes on pages 32 to 52 form an integral part of this condensed interim financial information.

Condensed Consolidated Interim Statement of Changes in Equity

For the six months ended 30 June 2007

	Unaudited					
	Attributable to equity holders of the Company					
	Share capital RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Minority interest RMB'000	Total equity RMB'000
Balance at 1 January 2006, as previously stated	2,180,700	3,376,930	771,991	6,329,621	43,138	6,372,759
Adjustment for changes in accounting policies (Note 3)	—	(126,359)	126,359	—	—	—
Balance at 1 January 2006, as restated	2,180,700	3,250,571	898,350	6,329,621	43,138	6,372,759
Currency translation differences	—	(1,153)	—	(1,153)	—	(1,153)
Profit for the period	—	—	267,241	267,241	5,141	272,382
Total recognised income for the six months ended 30 June 2006	—	(1,153)	267,241	266,088	5,141	271,229
Dividends relating to 2005	—	—	(261,684)	(261,684)	—	(261,684)
Balance at 30 June 2006	2,180,700	3,249,418	903,907	6,334,025	48,279	6,382,304
Balance at 1 January 2007, as previously stated	2,180,700	3,419,372	1,004,566	6,604,638	—	6,604,638
Adjustment for changes in accounting policies (Note 3)	—	(155,265)	155,265	—	—	—
Balance at 1 January 2007, as restated	2,180,700	3,264,107	1,159,831	6,604,638	—	6,604,638
Acquisition of a subsidiary (Note 21)	—	—	—	—	718,905	718,905
Profit for the period	—	—	317,528	317,528	(488)	317,040
Dividends relating to 2006 (Note 20)	—	—	(283,491)	(283,491)	—	(283,491)
Balance at 30 June 2007	2,180,700	3,264,107	1,193,868	6,638,675	718,417	7,357,092

The notes on pages 32 to 52 form an integral part of this condensed interim financial information.

Condensed Consolidated Interim Cash Flow Statement

For the six months ended 30 June 2007

	Unaudited Six months ended 30 June 2007 RMB'000	2006 RMB'000 (Restated)
Cash flows from operating activities - net	**396,280**	229,394
Cash flows from investing activities - net	**(1,429,646)**	(488,742)
Cash flows from financing activities - net	**958,115**	(262,338)
Net decrease in cash and cash equivalents	**(75,251)**	(521,686)
Cash and cash equivalents at start of period	**328,494**	822,805
Exchange losses	**(2,547)**	(3,136)
Cash and cash equivalents at end of period	**250,696**	297,983

The notes on pages 32 to 52 form an integral part of this condensed interim financial information.

Notes to the Condensed Consolidated Interim Financial Information

For the six months ended 30 June 2006

1 General information

Shenzhen Expressway Company Limited (the "Company") was established as a joint stock limited company in the People's Republic of China (the "PRC") on 30 December 1996. The principal activities of the Company and its subsidiaries (collectively the "Group") are the construction, operation and management of toll highways and expressways in the PRC.

The address of the registered office of the Company is 19/F, Tower A, United Plaza, No. 5022 Binhe Road North, Shenzhen, the PRC.

The Company has its H shares and A shares listing on The Stock Exchange of Hong Kong Limited and the Shanghai Stock Exchange of the PRC, respectively.

This condensed consolidated interim financial information is presented in Renminbi ("RMB"), unless otherwise stated. This condensed consolidated interim financial information was approved for issue on 24 August 2007.

2 Basis of preparation

This condensed consolidated interim financial information for the six months ended 30 June 2007 has been prepared in accordance with Hong Kong Accounting Standard ("HKAS") 34, "Interim Financial Reporting". This basis of accounting differs in certain respects from that used in the preparation of the Group's PRC statutory financial statements. The PRC statutory financial statements of the Group have been prepared in accordance with accounting principles and financial regulations applicable to the Group in the PRC. Appropriate restatements have been made to the PRC statutory financial statements to conform with Hong Kong Financial Reporting Standards ("HKFRS"). Differences arising from the restatements are not incorporated in the Group's accounting records.

The interim condensed financial report should be read in conjunction with the annual financial statements for the year ended 31 December 2006.

The Group reported net current liabilities of approximately RMB1,815,766,000 as at 30 June 2007. The directors of the Company made an assessment and concluded that there is no going concern issue of the Group based on the facts that the Group has been generating positive and increasing operating cash flows and it has maintained good relationship with banks that it has not experienced any difficulties in renewing its banking facilities. In addition, the Company issued long-term corporate bonds in an amount of RMB800 million in August 2007 to meet its long-term commitments, and the Group had unutilised banking facilities of approximately RMB7.2 billion at 30 June 2007 in order to meet its obligations and commitments. Consequently, the interim financial information has been prepared by the directors of the Company on a going concern basis.

3 Accounting policies

Except for the changes in accounting policy for the Group's interests in jointly controlled entities and the method of reserve appropriations presented in the Group's consolidated financial statements as described below, the accounting policies adopted for the preparation of this condensed consolidated interim financial information are consistent with those of the annual financial statements for the year ended 31 December 2006, as described in the annual financial statements for the year ended 31 December 2006.

In previous years, the Group adopted the proportionate consolidation method under HKAS 31, "Interests in Joint Ventures", to account for its interests in jointly controlled entities. Effective from 1 January 2007, the Group changed to adopt equity method of accounting, the alternative method under HKAS 31, to account for its interests in jointly controlled entities.

3 Accounting policies (continued)

The directors of the Company are of the view that the change in accounting method for interests in jointly controlled entities would provide more reliable, relevant and comparable information of its interests in jointly controlled entities on the Group's financial position, financial performance and cash flows, which is consistent with the basis adopted in the Group's PRC statutory financial statements prepared based on the new China Accounting Standards for Business Enterprises ("CAS") effective from 1 January 2007. According to the requirements of CAS, interests in jointly controlled entities are mandatory to be accounted for using equity method of accounting. Given the fact that HKAS 31 does not specify whether proportionate consolidation method or equity method of accounting is superior than the other, the directors of the Company consider that consistent application of equity method of accounting would enhance the comparability of financial information presented in its statutory financial statements prepared under CAS as well financial statements prepared under HKFRS.

This change in accounting policy has been applied retrospectively and resulted in:

	30 June 2007 RMB'000	31 December 2006 RMB'000
Increase in interests in jointly controlled entities	**1,623,065**	1,685,182
Decrease in other non-current assets	**1,991,113**	2,042,297
Decrease in current assets	**78,292**	63,149
Decrease in non-current liabilities	**404,000**	359,437
Decrease in current liabilities	**42,340**	60,827
Decrease in other reserves	**9,413**	9,413
Increase in retained earnings	**9,413**	9,413

	Six months ended 30 June 2007 RMB'000	Six months ended 30 June 2006 RMB'000	Year ended 31 December 2006 RMB'000
Decrease in revenue and other income	**275,382**	219,917	474,936
Decrease in costs and expenses	**106,248**	98,325	263,755
Decrease in income tax expenses	**70,963**	18,537	10,001
Increase in share of profit of jointly controlled entities	**98,171**	103,055	201,180

There was no impact on net profit and earnings per share as a result of the change in accounting policy. The opening retained earnings at 1 January 2006 has been increased by RMB3,187,000.

In addition, in previous years, the Group reported its share of reserve appropriations made by the entities consolidated in the Group's consolidated financial statements based on the respective equity interests held by the Group in these entities. Effective from 1 January 2007, the Group does not make such reserve appropriations upon preparing the consolidated financial statements of the Group, and the corresponding changes to the reserves have been retrospectively restated.

There was no impact on net profit and earnings per share as a result of the change. The opening retained earnings at 1 January 2006 has been increased by RMB126,359,000.

3 Accounting policies (continued)

The overall impact of the above restatements to reserves is presented as below:

	30 June 2007 RMB'000	31 December 2006 RMB'000
Decrease in other reserves	**155,265**	155,265
Increase in retained earnings	**155,265**	155,265

The following new standard, amendment to standard and interpretations are mandatory for financial year ending 31 December 2007. Unless otherwise specified, they are not relevant to the Group's operations or have no material impact on the financial statements of the Group:

- HK(IFRIC)-Int 7, 'Applying the Restatement Approach under HKAS 29', effective for annual periods beginning on or after 1 March 2006.

- HK(IFRIC)-Int 8, 'Scope of HKFRS 2', effective for annual periods beginning on or after 1 May 2006.

- HK(IFRIC)-Int 9, 'Reassessment of Embedded Derivatives', effective for annual periods beginning on or after 1 June 2006.

- HK(IFRIC)-Int 10, 'Interim Financial Reporting and Impairment', effective for annual periods beginning on or after 1 November 2006. This interpretation is applicable to the Group but there is no material impact on this interim financial information of the Group.

- HKFRS 7, 'Financial instruments: Disclosures' and Amendment to HKAS 1, 'Capital Disclosures', effective for annual periods beginning on or after 1 January 2007. The Group applies HKFRS 7 and the amendment to HKAS 1 from annual periods beginning 1 January 2007, but they have no material impact on this interim financial information of the Group.

The following new/revised standards and interpretations to existing standards have been issued but are not effective for 2007 and have not been early adopted:

- HK(IFRIC)-Int 11, 'HKFRS 2 - Group and Treasury Share Transactions', effective for annual periods beginning on or after 1 March 2007. Management do not expect the interpretation to be relevant for the Group.

- HK(IFRIC)-Int 12, 'Service Concession Arrangements', effective for annual periods beginning on or after 1 January 2008. This interpretation applies to companies that participate in service concession arrangements and provides guidance on the accounting by operations in public-to-private service concession arrangements. This interpretation is applicable to the Group and the Group will apply it for the annual periods beginning 1 January 2008.

- HKFRS 8, 'Operating Segments', effective for annual periods beginning on or after 1 January 2009. HKFRS 8 will replace HKAS 14, 'Segment Reporting'. HKFRS 8 requires identification of operating segments on the basis of internal reports that are regularly reviewed by the entity's chief operating decision maker in order to allocate resource to segments and assess its performance. The Group will apply the standard for the annual periods beginning 1 January 2009.

3 Accounting policies (continued)

- HKAS 23 (Revised), 'Borrowing Costs', effective for annual periods beginning on or after 1 January 2009. In accordance with the revised standard, management no longer has an option to expense borrowing costs on qualifying assets; it only applies to qualifying assets measured at cost; inventories that are routinely manufactured, or otherwise produced in large quantities on a repetitive basis, are outside the scope of the standard; companies that expense borrowing costs under their current accounting policies must identify their qualifying assets. This revised standard is applicable to the Group and the Group will apply it for the annual periods beginning 1 January 2009.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to this condensed consolidated interim financial information, are discussed below.

(a) Depreciation of toll roads and recognition of their related deferred income and estimate of construction costs of a completed toll road project

The estimates and assumptions in relation to the depreciation of all toll roads operated by the Group and recognition of the related deferred income and the estimated total construction costs of the Yanpai Expressway, a toll road project of the Company, details of which have been disclosed in full in the annual financial statements for the year ended 31 December 2006, do not have any significant changes during the interim period.

(b) Revenue recognition relating to construction management contracts

For the six months ended 30 June 2007, the Group recognised aggregate project management services income of RMB33,727,000 in relation to construction management services rendered for two construction projects, the Nanping Freeway (Phase I) project ("Nanping Project") and the Wutong Mountain Avenue (Supplementary Road) and Airport-Heao Expressway Yantian Subsidiary Road Checkpoint Station Project ("Wutong Mountain Project"). These two projects are undertaken on behalf of the local government authorities (Note 14(b)). The project management services income is recognised based on the percentage of completion method and the cumulative income recognised for the Nanping Project and the Wutong Mountain Project up to 30 June 2007 was RMB125,944,000 and RMB12,907,000, respectively. The accuracy of recognition of such income rests on estimates made by the directors on the total budgeted project costs to be approved by the government authorities, as well as the total estimated costs to be incurred in order to complete these projects.

Due to the fact that the total budgeted project costs and the total contract prices had not been finalised with the related government authorities as at 30 June 2007, the directors made their best estimate of the amounts based on the relevant communication results made with these authorities and information obtained from them.

4 Critical accounting estimates and judgements (continued)

(b) Revenue recognition relating to construction management contracts (continued)

In ascertaining the total costs of the projects to be incurred up to completion, the directors have made reference to the actual costs incurred/settled to date and relevant third party evidence such as signed construction contracts and their supplements, the related variation orders placed with the contractors, and the related construction and design plans. The directors have also applied their relevant professional judgement and industry experience as required and/or appropriate.

Were the magnitudes of the final approved project costs and the total actual costs for the projects were to be differed from management's current estimates, the Group would account for the change prospectively in future periods.

(c) Adjustment to deferred income tax liabilities at enacted new tax rate

On 16 March 2007, the National People's Congress approved the Corporate Income Tax Law of the People's Republic of China (the "new CIT Law"). Effective from 1 January 2008, all enterprises are subject to a standard PRC enterprise income tax rate of 25%, except for particular provisions and preferential policies.

Since the deferred tax assets and deferred tax liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, the change in the applicable tax rate will affect the determination of the carrying amount of deferred tax liabilities of the Group. As at the date that this interim financial information is approved for issue, detailed measures of the new CIT Law have yet to be issued, specific provisions concerning the applicable income tax rates, computation of taxable income, as well as specific preferential tax treatments and their related transitional provisions for the periods from 2008 and onwards have not been clarified. Consequently, the Group has applied its estimates on the transitional provisions and the applicable tax rates in order to assess the impact on the carrying amount of deferred tax liabilities of the Group and its share of results in jointly controlled entities arising from the new CIT Law promulgation. Based on the estimates applied by the directors of the Company, the carrying amount of deferred tax liabilities of the Group has been increased by RMB16,715,000 as at 30 June 2007 and the Group's share of interests in jointly controlled entities had been reduced by RMB49,133,000 as at 30 June 2007.

As and when the detailed measures and other related regulations are announced by the relevant authorities, the Group will assess their impact, if any, and this change will be accounted for prospectively.

4 Critical accounting estimates and judgements (continued)

(d) Estimate of fair values of acquired assets and liabilities from acquisition

During the period, the Group acquired 20.09% additional equity interest in Guangdong Qinglian Highway Development Company Limited ("Qinglian Company") at a cash consideration of RMB484,000,000. Details of the acquisition are set out in Note 21. In accordance with HKFRS 3, the identifiable assets acquired and liabilities and contingent liabilities assumed should be measured at fair value at the date of acquisition in order to determine the difference between the cost of acquisition and the fair value of the Group's share of net assets acquired, which should then be recognised as goodwill in the balance sheet or recognised directly in the income statement.

In the absence of an active market for the above business combination undertaken by the Group, in order to determine the fair values of assets acquired and liabilities assumed, the directors of the Company had made estimates from a variety of sources, in order to determine the fair values of identifiable assets and liabilities in the transaction, as summarised below:

— An enterprise fair value ("Enterprise Fair Value") of Qinglian Company was ascertained by an independent professional valuer close to the acquisition date based on the discounted projected cash flow model ("Cash Flow Model");

— Fair values of all working capital items of Qinglian Company are stated at their then net book value as at the acquisition date, after making applicable adjustments according to the latest audited results ("Working Capital Values");

— The tangible asset to be identified in the acquisition which is subject to significant fair value adjustment assessment is determined to be expenditures incurred by Qinglian Company on constructing the toll road assets under the grant of the operating right. The fair values of related assets are determined based on the Enterprise Fair Value minus the Working Capital Values so ascertained, as described above.

As a result of the above assessment, the directors of the Company provisionally determined the fair value of the net identifiable assets acquired in the transaction. The difference between the cost of acquisition and the fair value of the Group's share of net assets acquired amounted to RMB127,206,000 and has been recognised as other income in the income statement for the six months ended 30 June 2007 in relation to the acquisition of Qinglian Company.

The determination of the Enterprise Fair Value of the acquisition rests on various assumptions employed in the compilation of the Cash Flow Model such as projected growth/increase of traffic flows and toll rates, taxes to be levied on toll income, as well as pre-tax discount rate applied to discount the expected future cash flows to the net present value. The Company uses assumptions that are mainly based on market conditions existing at the acquisition date.

5 Capital expenditure and land use rights

	Property, plant and equipment RMB'000	Construction in progress RMB'000	Land use rights RMB'000
Six months ended 30 June 2006 (Restated)			
Opening net book amount at 1 January 2006, as previously stated	4,055,081	693,443	368,830
Adjustment for change in accounting policy (Note 3)	(1,169,287)	(2,242)	(130,617)
Opening net book amount at 1 January 2006, as restated	2,885,794	691,201	238,213
Additions	2,442	393,135	—
Transfers	860,061	(860,061)	—
Transfer to non-current assets classified as held for sale (Note 9(a))	—	(42,544)	—
Disposals	(908)	—	—
Depreciation	(48,263)	—	(5,672)
Closing net book amount at 30 June 2006	3,699,126	181,731	232,541
Six months ended 30 June 2007			
Opening net book amount at 1 January 2007, as previously stated	4,745,718	861,245	351,192
Adjustment for change in accounting policy (Note 3)	(1,111,063)	(3,720)	(124,323)
Opening net book amount at 1 January 2007, as restated	3,634,655	857,525	226,869
Additions	2,588	1,304,476	—
Acquisition of a subsidiary (Note 21)	3,883,706	353,074	—
Transfers	71,376	(71,376)	—
Disposals	(25,617)	(222)	—
Depreciation	(89,132)	—	(5,672)
Closing net book amount at 30 June 2007	7,477,576	2,443,477	221,197

6 Interests in associates

	30 June 2007 RMB'000	31 December 2006 RMB'000
Beginning of the period/year	**3,006,665**	2,966,903
Increase in investments in associates	**11,898**	90,000
Share of associates' results	**(1,318)**	(16,948)
Dividends declared and appropriation made by associates	**—**	(33,290)
Transfer to investment in a subsidiary as a result of business combination (Note 21)	**(1,839,200)**	—
End of the period/year	**1,178,045**	3,006,665

Interests in associates at 30 June 2007 include goodwill of RMB75,300,000 (31 December 2006: RMB75,300,000).

7 Interests in jointly controlled entities

	30 June 2007 RMB'000	31 December 2006 RMB'000 (Restated)
Beginning of the period/year	**1,685,182**	1,833,288
Share of jointly controlled entities' results	**98,171**	201,180
Dividends declared and appropriation made by jointly controlled entities	**(160,288)**	(338,801)
Transfer to non-current assets classified as held for sale (Note 9(b))	**—**	(10,485)
End of the period/year	**1,623,065**	1,685,182

Interests in jointly controlled entities at 30 June 2007 include goodwill of RMB1,636,000 (31 December 2006: RMB1,636,000).

8 Trade and other receivables

	Note	30 June 2007 RMB'000	31 December 2006 RMB'000 (Restated)
Trade receivables	(a)	**89,320**	59,574
Amount due from a jointly controlled entity			
- Trade		**—**	1,931
- Non-trade		**—**	148
	(b)	**—**	2,079
Other receivables		**61,120**	29,777
Prepayments		**2,045**	3,853
		152,485	95,283

(a) Trade receivables mainly represent an amount due from the Shenzhen Communications Bureau of RMB60,158,000 (31 December 2006: RMB47,032,000) for management services income recognised (Note 14(b)).

At 30 June 2007 and 31 December 2006, the aging analysis of trade receivables (including amount due from a jointly controlled entity of trading in nature) was as follows:

	30 June 2007 RMB'000	31 December 2006 RMB'000 (Restated)
Within 1 year	**84,177**	45,695
1 - 2 years	**—**	15,782
2 - 3 years	**5,115**	—
Over 3 years	**28**	28
	89,320	61,505

(b) The balance at 31 December 2006 mainly represented the net amount due from Shenzhen Airport-Heao Expressway (Eastern Section) Company Limited ("Airport-Heao Eastern"), a jointly controlled entity of the Company, for the toll income collected by the Group on behalf of the jointly controlled entity.

Due to the geographical layout of the toll roads operated by the Group, certain toll gates of the toll roads of the Group and Airport-Heao Eastern are overlapping and they collect toll income for each other. During the period, the toll income collected by the Group on behalf of Airport-Heao Eastern was RMB65,461,000 (2006 interim: RMB55,279,000) while the toll income collected by Airport-Heao Eastern on behalf of the Group was RMB53,980,000 (2006 interim: RMB49,166,000). All toll income collected is paid back to the counter party within three days after collection without charging any handling fees.

9 Non-current assets classified as held for sale

	Note	30 June 2007 RMB'000	31 December 2006 RMB'000 (Restated)
Construction in progress	(a)	–	42,544
Interest in a jointly controlled entity	(b)	–	10,485
		–	53,029

(a) In 2005, the construction of a ropeway project undertaken by Shenzhen Wongtongling Ropeway Company Limited ("Ropeway Company"), a subsidiary of the Company, was put into a halt following the instruction of the local government authorities. The authorities undertake to compensate a portion of the losses suffered by the Company associated with such cessation and the equipment and facilities relating to the project were put under an auction for realisation in 2006. Accordingly, the carrying amount of the related assets (mainly construction in progress) was presented as non-current assets classified as held for sale and was stated at the lower of the carrying amount and the fair value less costs to sell at RMB42,544,000. In January 2007, the Company received a compensation of approximately RMB47,240,000 from the government authorities and a gain of approximately RMB1,587,000 was recognised during the period after settlements of the liabilities of Ropeway Company.

(b) In October 2006, the Group's 42% equity interest in Hubei Yungang Transportation Development Company Limited ("Yungang Company"), a jointly control entity of the Group, was approved to be disposed. In January 2007, the Group entered into an agreement with a third party for the disposal of its 42% equity interest in Yungang Company at a cash consideration of RMB10,800,000. Accordingly, the investment in Yungang Company at 31 December 2006 was presented as non-current assets held for sale and was stated at the lower of carrying amount and fair value less costs to sell amounting to RMB10,485,000. The disposal transaction was completed during the period and a gain of approximately RMB315,000 was recognised during the period.

10 Borrowings

	30 June 2007 RMB'000	31 December 2006 RMB'000 (Restated)
Non-current	**3,028,567**	855,789
Current	**996,239**	1,203,142
	4,024,806	2,058,931

10 Borrowings (continued)

(a) Movement in borrowings is analysed as follows:

	RMB'000
Six months ended 30 June 2006 (Restated)	
Opening balance as at 1 January 2006	2,175,810
Proceeds from borrowings	950,000
Proceeds from short-term commercial papers	1,000,000
Interest expense for short-term commercial papers	14,382
Repayments of borrowings	(1,933,552)
Exchange differences	(4,297)
Closing balance as at 30 June 2006	2,202,343
Six months ended 30 June 2007	
Opening balance as at 1 January 2007	2,058,931
Acquisition of a subsidiary (Note 21)	635,420
Proceeds from borrowings	2,954,300
Repayments of borrowings	(1,619,502)
Exchange differences	(4,343)
Closing balance as at 30 June 2007	4,024,806

As at 30 June 2007, borrowings to the extent of RMB849,720,000 (31 December 2006: Nil) is secured by a pledge of the operating rights of Qinglian Class 1 Highway, Qinglian Class 2 Highway and Qinglian Expressway (upon completion of its reconstruction) of Qinglian Company, a subsidiary of the Company, to the extent of RMB99,385,000 (31 December 2006: RMB162,761,000) is secured by a pledge of the 55% equity interest of Jade Emperor Limited ("JEL") held by Mei Wah Industrial (Honk Kong) Limited, a subsidiary of the Company, to the extent of RMB20,701,000 (31 December 2006: RMB26,169,000) is guaranteed by Xin Tong Chan Development (Shenzhen) Company Limited, a substantial shareholder of the Company.

(b) The Group had the following undrawn banking facilities as at 30 June 2007:

	30 June 2007 RMB'000	31 December 2006 RMB'000 (Restated)
Floating rate		
- Expiring within one year	**1,900,000**	2,837,000
- Expiring beyond one year	**2,702,000**	1,245,000
	4,602,000	4,082,000
Fixed rate		
- Expiring beyond one year	**2,603,000**	770,000
	7,205,000	4,852,000

11 Deferred income tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority. The offset amounts are as follows:

	30 June 2007 RMB'000	31 December 2006 RMB'000 (Restated)
Deferred tax assets	**—**	1,878
Deferred tax liabilities	**401,255**	26,867
	401,255	24,989

The gross movement on the deferred income tax account is as follows:

	Six months ended 30 June	
	2007 RMB'000	2006 RMB'000 (Restated)
Beginning of the period	**24,989**	49,830
Acquisition of a subsidiary (Note 21)	**357,997**	—
Recognised in the income statement	**1,554**	3,018
Adjustment to the enacted tax rate (Notes 4(c) and 18)	**16,715**	—
End of the period	**401,255**	52,848

11 Deferred income tax (continued)

The movements in deferred tax assets and liabilities during the period, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

	Deferred tax assets			Deferred tax liabilities			
	Impairment loss of property, plant and equipment RMB'000	Provision for impairment losses of other assets RMB'000	Total RMB'000	Depreciation of property, plant and equipment RMB'000	Difference of accounting base and tax base of toll road assets RMB'000	Difference of accounting base and tax base of intangible asset RMB'000	Total RMB'000
At 1 January 2006, as previously stated	24,656	1,878	26,534	86,049	–	88,751	174,800
Adjustment for change in accounting policy (Note 3)	(24,656)	–	(24,656)	(34,341)	–	(88,751)	(123,092)
At 1 January 2006, as restated	–	1,878	1,878	51,708	–	–	51,708
Recognised in the income statement,as restated	–	–	–	3,018	–	–	3,018
At 30 June 2006	–	1,878	1,878	54,726	–	–	54,726
At 1 January 2007, as previously stated	32,656	1,878	34,534	43,651	–	83,453	127,104
Adjustment for change in accounting policy (Note 3)	(32,656)	–	(32,656)	(16,784)	–	(83,453)	(100,237)
At 1 January 2007, as restated	–	1,878	1,878	26,867	–	–	26,867
Acquisition of a subsidiary (Note 21)	–	–	–	–	357,997	–	357,997
Recognised in the income statement	–	(1,878)	(1,878)	(324)	–	–	(324)
Adjustment to the enacted tax rate (Note 4(c))	–	–	–	16,715	–	–	16,715
At 30 June 2007	–	–	–	43,258	357,997	–	401,255

According to a notice issued by the State Administration of Taxation on 14 May 2006, the units-of-usage basis adopted for the provision of depreciation of property, plant and equipment is also recognised as the straight-line method for tax reporting purposes. Business enterprises which adopt the units-of-usage basis are allowed to claim tax reduction on depreciation charges as if they have been applying the straight-line method. The respective enterprises within the Group being affected, including the Company and Shenzhen Meiguan Expressway Company Limited, a subsidiary of the Company, have received formal confirmation from the relevant local tax authorities in January 2007 that provision of depreciation of toll road assets of these companies under the units-of-usage basis are allowable for tax reporting purposes retroactive from 1 January 2006.

12 Government grants

	Note	30 June 2007 RMB'000	31 December 2006 RMB'000
Deferred income	(a)	**286,680**	296,461
Advance from government	(b)	**54,000**	54,000
		340,680	350,461

(a) Deferred income

	Six months ended 30 June 2007 RMB'000	2006 RMB'000
Beginning of the period	**296,461**	291,408
Additions	**—**	23,400
Government subsidies income recognised for the period	**(9,781)**	(11,635)
End of the period	**286,680**	303,173

(b) This represents an advance obtained from the relevant government authorities as an inducement of the Company to participate in the Yanba toll road project of RMB54,000,000 (31 December 2006: RMB54,000,000). The relevant government authorities have not stipulated clear provisions and regulations on the repayment obligations of such fund and the construction period of the toll road will extend beyond one year, accordingly, the fund has been presented as a non-current liability in the balance sheet.

13 Other payables and accrued expenses

	Note	30 June 2007 RMB'000	31 December 2006 RMB'000 (Restated)
Consideration payable for acquisitions	(a)	**23,851**	24,594
Payables for construction in progress	(b)	**182,659**	173,260
Guarantee deposits for construction projects contracts	(b)	**219,686**	177,977
Project funds retained for construction management contracts	(c)	**8,522**	6,872
Notes payable	(b)	**662,488**	359,242
Others		**114,152**	93,298
		1,211,358	835,243

(a) The amount includes the remaining balance of consideration payable in relation to the acquisitions of equity interests of both Qinglian Company and JEL made in 2005 amounting to RMB4,710,000 (31 December 2006: RMB4,857,000) and RMB19,141,000 (31 December 2006: RMB19,737,000), respectively.

13 Other payables and accrued expenses (continued)

(b) These represent liabilities arising from the progress project payments payable for the construction of certain toll roads projects of the Group at approximately RMB182,659,000 (31 December 2006: RMB173,260,000); guarantee deposits for bidding and performance commitment deposits received from contractors for the construction of toll road projects amounting to RMB219,686,000 (31 December 2006: RMB177,977,000); and bills payable for the progress construction costs of RMB662,488,000 (31 December 2006: RMB359,242,000), respectively.

(c) This represents the unutilised balance of project fund received from government authorities for the construction of the western section of Hengping Highway ("Hengping Project") managed by the Company under a management service contract. The project funds are advanced by the government and they are deposited in bank accounts jointly supervised by the Company and the relevant government departments. The project funds balance is presented as restricted cash in the balance sheet with a corresponding liability of the same amount included in other payables.

14 Revenue

	Note	Six months ended 30 June 2007 RMB'000	2006 RMB'000 (Restated)
Income from toll roads	(a)	**467,343**	314,149
Income from the construction management service	(b)	**33,727**	20,524
Income from advertising		**9,785**	7,425
Others		**7,594**	1,505
		518,449	343,603

(a) No segment information is presented as revenue of the Group mainly represents toll income earned in the PRC.

(b) The Company was engaged by the local government authorities to manage the construction of three toll road construction projects, namely the Nanping Project, the Hengping Project and the Wutong Mountain Project. In return, the Company is entitled to management services income which is determined based on the savings achieved in managing these construction management projects according to the provisions of the relevant contracts.

Since 2006, the construction of Hengping Project had been suspended in accordance with a notice issued by the government authorities due to the fact that there was a change in the toll road network plan of the government and the project had not been resumed as at 30 June 2007. Accordingly, no service income had been recognised during the period. After consultation made with the legal counsel, the directors consider that it is not likely for the Company to assume any management liabilities for the project delay or it will incur substantial loss.

The construction management service income of the Nanping Project and Wutong Mountain Project recognised during the period, using the percentage of completion method in accordance with the accounting policies of the Group, amounted to approximately RMB23,085,000 (2006 interim: RMB18,645,000) and RMB10,642,000 (2006 interim: RMB1,879,000), respectively. Details are disclosed in Note 4(b).

15 Other income – net

	Note	Six months ended 30 June 2007 RMB'000	2006 RMB'000 (Restated)
Interest income from bank deposits		**6,955**	4,826
Government subsidy income	12(a)	**9,781**	11,635
Excess of fair value of net identifiable assets acquired in a business combination over the cost of acquisition	21(a)	**127,206**	—
Adjustment on fair value of the equity interest previously held in the acquiree at acquisition date	21(b)	**(127,206)**	—
Gain on disposals of non-current assets classified as held for sale	9	**1,902**	—
Others		**(84)**	(456)
		18,554	16,005

16 Expenses by nature

	Note	Six months ended 30 June 2007 RMB'000	2006 RMB'000 (Restated)
Business tax and surcharges	(a)	**17,917**	11,015
Employee benefit expenses		**33,371**	24,598
Road maintenance expenses		**13,675**	4,179
Depreciation and amortisation		**94,804**	53,935
Other expenses		**30,738**	24,629
Total cost of services and administrative expenses		**190,505**	118,356

(a) The amount represents PRC business tax and surcharges levied on the Group's toll road income at RMB15,717,000 (2006 interim: RMB9,801,000); service income derived from the provision of construction management services at RMB1,123,000 (2006 interim: RMB582,000); and income arising from the provision of other services at RMB1,077,000 (2006 interim: RMB632,000).

Toll income of the Group is subject to the following taxes and surcharges:

- PRC business tax at 3% or 5% of toll income;
- City development tax at 1% of the PRC business tax; and
- Education supplementary fee at 3% or 5% of the PRC business tax.

17 Finance costs

	Six months ended 30 June 2007 RMB'000	2006 RMB'000 (Restated)
Interest on bank and other borrowings	**93,842**	23,820
Interest on short-term commercial papers	**—**	14,382
Less: interest expenses capitalised in construction in progress	**(22,022)**	(999)
	71,820	37,203
Other borrowing costs	**167**	6,532
Net foreign exchange gains	**(5,150)**	(5,621)
	66,837	38,114

18 Income tax expenses

	Six months ended 30 June 2007 RMB'000	2006 RMB'000 (Restated)
Current income tax		
- PRC enterprise income tax	**41,205**	26,803
Deferred income tax		
- Originating temporary differences	**1,554**	3,018
- Adjustment to the enacted tax rate (Notes 4(c) and 11)	**16,715**	—
	59,474	29,821

The PRC enterprise income tax charged to the condensed consolidated interim income statement has been calculated based on assessable profits of the Company and its subsidiaries located in the PRC of the period at rates of tax applicable to the respective companies of 15% (2006: 15%).

No provision for Hong Kong profits tax has been made for the period since the Group has no income assessable under Hong Kong profits tax.

19 Earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the number of ordinary shares in issue during the period.

	Six months ended 30 June	
	2007	2006
Profit attributable to equity holders of the Company (RMB'000)	**317,528**	267,241
Number of ordinary shares in issue (thousands)	**2,180,700**	2,180,700
Basic earnings per share (RMB per share)	**0.146**	0.123

The Company had no diluted potential shares in both 2006 and 2007 interim and the diluted earnings per share presented is the same with basic earnings per share.

20 Dividends

A 2006 final dividend of RMB0.13 (2005 final: RMB0.12) per ordinary share, totalling RMB283,491,000 (2005 final: RMB261,684,000) was approved by the shareholders at the Annual General Meeting of the Company, RMB272,153,000 of which was paid in June 2007 (six months ended 2006: RMB251,219,000).

21 Business combination

In June 2005, the Group acquired 56.28% equity interest in Qinglian Company and accounted for it as interest in an associate due to the fact that the Group could only exercise significant influence in the financial and operating policies of Qinglian Company. On 8 February 2006, the Company entered into an agreement with the liquidation committee of Qingyuan Yueqing Highway Construction and Development Company Ltd ("Yueqing", one of the equity owners of Qinglian Company) for the acquisition of Yueqing's 20.09% equity interest held in Qinglian Company, together with its equity owner's loan and all other distributable interests in Qinglian Company at an aggregate cash consideration of RMB484,000,000. The acquisition was completed on 1 January 2007 ("Acquisition Date") and the Company began to directly and indirectly hold 76.37% aggregate equity interest in Qinglian Company. Since then, Qinglian Company is accounted for as a subsidiary of the Group.

The acquired business contributed revenue of approximately RMB59,119,000 and net loss of approximately RMB2,064,000 to the Group for the period from the Acquisition Date to 30 June 2007.

(a) The acquisition of Qinglian Company constitutes a business combination achieved in stages and it is required to account for each transaction separately using the respective acquisition costs and fair values of the share of acquired assets/liabilities as at the date of each transaction in order to determine the amount of any goodwill associated with each transaction. There was no material difference between the acquisition cost and the fair value of the share of net assets acquired relating to the acquisition of 56.28% equity interest in Qinglian Company. Details of net assets acquired in relation to the acquisition of 20.09% additional equity interest in Qinglian Company are as follows:

	RMB'000
Purchase consideration for acquisition of 20.09% equity interest in Qinglian Company – cash paid	484,000
Fair value of net identifiable assets acquired – shown as below	611,206
Excess of fair value of net assets acquired over the cost of acquisition credited to the income statement (Note 15)	(127,206)

21 Business combination (continued)

The Group has yet to finalise the amount of the fair value of the net identifiable assets acquired.

The assets and liabilities arising from the acquisition are as follows:

	Preliminary fair value RMB'000	Acquiree's carrying amount RMB'000
Cash and cash equivalents	32,911	32,911
Property, plant and equipment	3,883,706	4,003,309
Construction in progress	353,074	353,074
Receivables	34,146	34,146
Inventories	220	220
Other current assets	87	87
Borrowings	(635,420)	(635,420)
Payables and accrued expenses	(268,386)	(268,386)
Deferred income tax liabilities	(357,997)	(251,941)
Net assets	3,042,341	3,268,000
Minority interest	(718,905)	
Net assets attributable to the Group	2,323,436	
Net assets related to 56.28% interest previously held	(1,712,230)	
Net assets related to 20.09% additional interest acquired	611,206	
Purchase consideration settled in cash	484,000	
Cash and cash equivalents in subsidiary acquired	(32,911)	
Net cash outflow on acquisition	451,089	

(b) Impact of fair value adjustment on 56.28% equity interest in Qinglian Company previously held by the Group

	RMB'000
Fair value of the 56.28% equity interest previously held by the Group as at the Acquisition Date	1,712,230
Carrying amount of the 56.28% equity interest previously held by the Group as at the Acquisition Date	(1,839,200)
Change in equity of Qinglian Company after the acquisition of 56.28% equity interest and up to the Acquisition Date, that is attributable to 56.28% interest	(236)
Change in fair value of the 56.28% equity interest previously held	(127,206)

The adjustment of RMB127,206,000 on the fair value of the 56.28% equity interest previously held by the Group mainly represents the changes in fair value of property, plant and equipment, after taking into account the related deferred tax impact, which should be accounted for as assets revaluation loss and has been charged to the income statement against other income (Note 15).

22 Contingencies

Pursuant to the provisions of the three construction management contracts described in Note 14(b), the Company undertakes to bear cost overruns incurred in these projects, if any. For the Hengping Project, the Company is obliged to bear all the cost overruns incurred in construction in excess of the original construction budget. For the Nanping Project and the Wutong Mountain Project, the Company is obliged to bear solely all the cost overruns incurred in construction as compared to the original budget in case the overrun is less than 2.5% of the total budgeted contract costs, while the related government department will share the overruns portion exceeding 2.5% jointly with the Company if the overrun exceeds 2.5% of the total budgeted contract costs. The possibility of outflow of resources arising from the cost overruns of these projects is considered low by the directors of the Company taking into account the actual progress and status of these projects.

Pursuant to the terms of the relevant contract, the Company had arranged a bank to issue irrevocable performance guarantees on its behalf to the Shenzhen Longgang Highway Bureau amounting to RMB30,000,000. The Company also paid a guarantee deposit of RMB15,000,000 to the Shenzhen Longgang Highway Bureau for assuring the progress, quality and safety standards for the construction of the Hengping Project.

23 Commitments

Capital expenditure and investment commitments at the balance sheet date not yet incurred are as follows:

	30 June 2007 RMB'000	31 December 2006 RMB'000
Capital commitments - construction of toll roads		
– contracted but not provided for	**4,418,000**	1,256,118
– authorised but not contracted for	**2,014,000**	1,389,332
	6,432,000	2,645,450
Investment commitments		
– contracted but not provided for	**98,840**	582,840
	6,530,840	3,228,290

In the opinion of the directors, the above commitments could be fulfilled by internal financial resources, banking facilities and external financing arrangements made available to the Group.

24 Related party transactions

Save as disclosed in Note 8(b), the Group had entered into the following material transaction with a related party during the period.

In January 2006, Qinglian Company, a then associate of the Group and a subsidiary of the Group since January 2007, entered into a project management service contact with Shenzhen Expressway Engineering Consulting Company Limited ("Consulting Company"), an associate of the Group, under which Consulting Company assumes the management of the Project I in relation to the reconstruction of Qinglian Class 1 Highway of Qinglian Company. The total management service contract price is approximately RMB66,989,000. During the six months ended 30 June 2007, Qinglian Company had paid a management fee of approximately RMB4,876,000 to Consulting Company. The cumulative management fee paid by Qinglian Company to Consulting Company amounted to approximately RMB10,262,000 up to 30 June 2007.

25 Events after the balance sheet date

(a) A resolution was approved by the shareholders in the 2006 Annual General Meeting, in relation to the Company's issuance of long-term corporate bonds ("Corporate Bonds") of RMB800 million for a term of 15 years bearing interest at 5.5% per annum. As approved by the National Development and Reform Commission, the Company had issued the Corporate Bonds in August 2007 to the domestic institutional investors. The net proceeds will be used to finance the project in relation to the reconstruction of Qinglian Class 1 Highway of Qinglian Company, a subsidiary of the Group.

(b) In November 2006, the shareholders of the Company approved a resolution for the proposed issuance of convertible bonds with attached warrants subscription rights by the Company for an aggregate amount of not more than RMB1.5 billion with attached warrants rights to subscribe not more than 330 million of newly issued A shares of the Company. Proceeds will be applied against the construction of Nanguang Expressway. As at the date of approval of this interim financial information, the application has been conditionally approved by the listing committee of China Securities and Regulatory Commission.

26 Comparative figures

Apart from the restatements made based on changes in accounting policies (Note 3), in previous years, the Group presented the analysis of expenses using a classification based on the nature of expenses on the face of the income statement. Effective from 1 January 2007, the Group changed to present the income statement based on the function of expenses. In addition, income from the construction management service and income from advertising, which were classified as other income in previous years, are now presented as part of the Group's revenue. The directors of the Company believe that such classification is a better presentation of the Group's revenue and expenses. The comparative figures have been reclassified to conform with current period presentation.

Supplementary Information

For the six months ended 30 June 2007

Reconciliation of interim financial information

The Group has prepared a separate set of unaudited interim financial information for the six months ended 30 June 2007 in accordance with the CAS effective from 1 January 2007. The differences between the financial information prepared under the CAS and HKFRS are summarised as follows:

	Unaudited	
	Profit attributable to equity holders of the Company for the six months ended 30 June 2007 RMB'000	Capital and reserves attributable to the Company's equity holders as at 30 June 2007 RMB'000
As per PRC statutory financial information	444,407	6,664,025
Impact of HKFRS adjustments:		
Deferred income recognition for government grants recorded in capital reserve under CAS	327	(25,350)
Recognition of the changes in fair values of the net assets relating to the previously held equity interest of the acquiree in the income statement as assets revaluation for a business combination achieved in stages	(127,206)	—
Net amount of adjustments	(126,879)	(25,350)
As restated after HKFRS adjustments	317,528	6,638,675

Definitions

1. Names of Highway and Road Projects

Changsha Ring Road	Hunan Changsha Ring Road (Northwestern Section), located in Changsha City of Hunan Province
Geputan Bridge	Hubei Yungang Geputan Bridge, located in Xiaogan City of Hubei Province
Guangwu Expressway	The expressway from Guangzhou City to Wuzhou City (Section from Ma'an to Hekou), located in Guangdong Province
GZ W2 Expressway	National Trunk Highway Guangzhou Ring Road Xiaotang to Maoshan Section, also referred to as Guangzhou Western Second Ring Expressway, located in Guangdong Province
Hengping Project	Shenzhen Hengping Class 1 Highway (Western Section), the Company has been appointed by the government as project administrator for the project
Jiangzhong Expressway	The expressway from Zhongshan City to Jiangmen City and the second phase of the expressway from Jiangmen City to Heshan City, located in Guangdong Province
Jihe Expressway	The expressway from Shenzhen airport to He'ao in Shenzhen City, comprising Jihe East and Jihe West
Meiguan Expressway	The expressway from Meilin to Guanlan in Shenzhen City
Nanguang Expressway	The expressway from Xili to Gongming in Shenzhen City, also referred to as Liming Avenue
Nanjing Third Bridge	Nanjing Yangtze Third Bridge, located in Nanjing City of Jiangsu Province
Nanping (Phase I)	Shenzhen Nanping Freeway (also referred to as Nanping Avenue) Phase I, the Company has been appointed by the government as project administrator for the project
Qinglian Class 1 Highway	Class 1 Highway from Qingyuan City to Lianzhou City, located in Guangdong Province
Qinglian Project	Qinglian Class 1 Highway, and/or its being reconstructed into an expressway, and/or Class 2 Highway from Qingyuan City to Lianzhou City in Guangdong Province (as the case may be)
Ropeway Project	Shenzhen Wutongling Ropeway Project (suspended)
Shuiguan Expressway	The expressway from Shuijingcun to Guanjintou in Shenzhen City, also referred to as the No.2 Longgang Passage
Shuiguan Extension	An extension to the Shuiguan Expressway, Phase I of Yuping Avenue (the expressway from Yulongkeng to Pinghu in Shenzhen City, also referred to as Qingping Expressway)
Wuhuang Expressway	The expressway from Wuhan City to Huangshi City, located in Hubei Province
Wutong Mountain Project	Shenzhen Wutong Mountain Avenue (Ancillary Road) and Jihe Expressway Yantian Subsidiary Road Checkpoint Station Project, the Company has been appointed by the government as project administrator for the project
Yanba Expressway	The expressway from Yantian to Bagang in Shenzhen City, comprising Yanba A, Yanba B and Yanba C

Yangmao Expressway	The expressway from Yangjiang City to Maoming City, located in Guangdong Province
Yanpai Expressway	The expressway from Yantian to Paibang in Shenzhen City, also referred to as Yantian Subsidiary Road to Jihe Expressway

2. Enterprises invested

Advertising Company	深圳市高速廣告有限公司 (Shenzhen Expressway Advertising Company Limited), a company incorporated in Shenzhen City with limited liability
Consulting Company	深圳市高速工程顧問有限公司 (Shenzhen Expressway Engineering Consulting Company Limited), a company incorporated in Shenzhen City with limited liability
Guangyun Company	雲浮市廣雲高速公路有限公司 (Yunfu Guangyun Expressway Company Limited), a company incorporated in Guangdong Province with limited liability, which owns Guangwu Expressway
GZ W2 Company	廣州西二環高速公路有限公司 (Guangzhou Western Second Ring Expressway Company Limited), a company incorporated in Guangdong Province with limited liability, which owns GZ W2 Expressway
Huayu Company	深圳市華昱高速公路投資有限公司 (Shenzhen Huayu Expressway Investment Company Limited), a company incorporated in Shenzhen City with limited liability, which owns Shuiguan Extension
Jiangzhong Company	廣東江中高速公路有限公司 (Guangdong Jiangzhong Expressway Company Limited), a company incorporated in Guangdong Province with limited liability, which owns Jiangzhong Expressway
JEL Company	Jade Emperor Limited, a company incorporated in the Cayman Islands with limited liability, which is the sole shareholder of Magerk Company
Jihe East Company	深圳機荷高速公路東段有限公司 (Shenzhen Airport-Heao Expressway (Eastern Section) Company Limited), a Sino-foreign cooperative enterprise incorporated in Shenzhen City, which owns Jihe East
Magerk Company	湖北馬鄂高速公路經營有限公司(Hubei Magerk Expressway Management Private Limited), a wholly foreign owned enterprise incorporated in Hubei Province, which owns the operating rights of Wuhuang Expressway
Maxprofit Company	Maxprofit Gain Limited, a company incorporated in the British Virgin Islands with limited liability, which owns 25% interests of Qinglian Company
Mei Wah Company	Mei Wah Industrial (Hong Kong) Limited, a company incorporated in Hong Kong with limited liability
Meiguan Company	深圳市梅觀高速公路有限公司 (Shenzhen Meiguan Expressway Company Limited), a company incorporated in Shenzhen City with limited liability, which owns Meiguan Expressway

Nanjing Company	南京長江第三大橋有限責任公司 (Nanjing Yangtze River Third Bridge Company Limited), a company incorporated in Jiangsu Province with limited liability, which owns Nanjing Third Bridge
Qinglian Company	廣東清連公路發展有限公司 (Guangdong Qinglian Highway Development Company Limited), a Sino-foreign cooperative enterprise incorporated in Guangdong Province, which owns Qinglian Project
Qinglong Company	深圳清龍高速公路有限公司 (Shenzhen Qinglong Expressway Company Limited), a Sino-foreign cooperative enterprise incorporated in Shenzhen City, which owns Shuiguan Expressway
Ropeway Company	深圳市梧桐嶺索道有限公司 (Shenzhen Wutongling Ropeway Company Limited), a company incorporated in Shenzhen City with limited liability, the major business of which is construction and operation of Ropeway Project, and in which the Company owns 95% interest
Shenchang Company	湖南長沙市深長快速幹道有限公司 (Hunan Changsha Shenchang Expressway Company Limited), a company incorporated in Hunan Province with limited liability, which owns Changsha Ring Road
Yangmao Company	廣東陽茂高速公路有限公司 (Guangdong Yangmao Expressway Company Limited), a company incorporated in Guangdong Province with limited liability, which owns Yangmao Expressway
Yungang Company	湖北雲港交通發展有限公司 (Hubei Yungang Transportation Development Company Limited), a Sino-foreign cooperative enterprise incorporated in Hubei Province, which owns Geputan Bridge

3. Others

A Shares	Renminbi-denominated ordinary shares of the Company with a par value of RMB1.00 each, which were issued in the PRC and subscribed in RMB and are listed on SSE
Articles	The articles of association of Shenzhen Expressway Company Limited
Board	The board of Directors of the Company
Bonds with Warrants	Convertible bonds, in which bonds and subscription warrants are tradable separately
The Company, Company, Shenzhen Expressway	Shenzhen Expressway Company Limited
CSRC	China Securities Regulatory Commission
Director(s)	The director(s) of the Company
GDRB Company	廣東省路橋建設發展有限公司 (Guangdong Roads and Bridges Construction Development Company Limited), a shareholder of the Company
The Group, Group	The Company and its subsidiaries

Definitions

H Shares	Overseas-listed Foreign Shares of the Company with a par value of RMB1.00 each, which were issued in Hong Kong and subscribed in HK$ and are listed on HKEX
HK$	Hong Kong dollars, the lawful currency of the Hong Kong Special Administration Region of the PRC
HKEX	The Stock Exchange of Hong Kong Limited
HKFRS	Hong Kong Financial Reporting Standards
Huajian Centre	華建交通經濟開發中心 (Huajian Transportation and Economic Development Centre), a shareholder of the Company
Independent Director(s)	The independent non-executive Director(s) of the Company
Listing Rules	The Rules Governing the Listing of Securities on HKEX and/or the Rules Governing the Listing of Stocks on SSE (as the case may be)
New Tax Law	《中華人民共和國企業所得稅法》(The Enterprise Income Tax Law of the People's Republic of China), which will come into effect on 1 January 2008
PRC	The People's Republic of China excluding, for the purpose of this report, the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan
The Reporting Period, The Period	For the six month ended 30 June 2007
RMB	Renminbi, the lawful currency of the PRC
SFC	The Securities and Futures Commission of Hong Kong
SFO	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
SGH Company	深圳市深廣惠公路開發總公司 (Shenzhen Shen Guang Hui Highway Development Company), a shareholder of the Company
Shenzhen International	Shenzhen International Holdings Limited, whose shares are listed on the main board of HKEX, the controlling shareholder of XTC Company
Shenzhen SASAC	深圳市人民政府國有資產監督管理委員會(State-owned Assets Supervision and Administration Commission of Shenzhen Municipal Government)
SSE	The Shanghai Stock Exchange
Supervisor(s)	The supervisor(s) of the Company
XTC Company	新通產實業開發(深圳)有限公司(Xin Tong Chan Development (Shenzhen) Company Limited), formerly known as 深圳市高速公路開發公司 (Shenzhen Freeway Development Company Limited), a shareholder of the Company

Corporate Information

Registered Chinese and English Names of the Company	深圳高速公路股份有限公司 Shenzhen Expressway Company Limited
Legal Representative	YANG Hai
Registered Address of the Company	19/F, Tower A, United Plaza, No.5022 Binhe Road North, Shenzhen
Joint Company Secretaries	WU Qian, TSE Yat Hong
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Website	http://www.sz-expressway.com
Listing Exchanges	H Share: The Stock Exchange of Hong Kong Limited Stock Code: 0548 Abbreviation: Shenzhen Expressway A Share: The Shanghai Stock Exchange Stock Code: 600548 Abbreviation: Shenzhen Expressway
Designated Publication Newspapers	Hong Kong: Hong Kong Economic Times The Standard PRC: Shanghai Securities News Securities Times
Designated Publication Websites	http://www.hkex.com.hk http://www.sse.com.cn http://www.sz-expressway.com
Interim Reports Available at	Hong Kong: Suites 2911-2912, 29/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong PRC: 19/F, Tower A, United Plaza, No.5022 Binhe Road North, Shenzhen

Corporate Information

International Auditors	PricewaterhouseCoopers 22/F, Prince's Building, Central, Hong Kong
Statutory Auditors	PricewaterhouseCoopers Zhong Tian CPAs Co., Ltd. 11/F, PricewaterhouseCoopers Centre, 202 Hubin Road, Shanghai
Hong Kong Legal Adviser	Loong & Yeung, Solicitors Suites 2911-2912, 29/F, Two International Finance Centre, 8 Finance Street, Central, Hong Kong
PRC Legal Adviser	Guangdong Junyan Law Firm 16/F, Tower B, International Commercial Building, First Fuhua Road, Shenzhen
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Share Registrar and Transfer Office in Hong Kong	Hong Kong Registrars Limited 46/F, Hopewell Centre, 183 Queen's Road East, Hong Kong
Domestic Share Registrar and Transfer Office	China Securities Depository and Clearing Corporation Limited, Shanghai Branch 36/F, China Insurance Building, 166 Lu Jia Zui Road East, Pudong New District, Shanghai
Investor Relations Consultant of H Shares	Rikes Communications Limited Room 1312, Wing On Centre, 111 Connaught Road Central, Hong Kong
Investor Relations Consultant of A Shares	Everbloom Investment Consultant Company Limited 7/F, Tower A, United Plaza, No.5022 Binhe Road North, Shenzhen
Principal Bankers	Industrial and Commercial Bank of China China Merchants Bank China Development Bank